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USAID/EGYPT - GENERAL BACKGROUND AND OVERVIEW

The United States Agency for International Development's (USAID) partnership with Egypt began in 1975. During that period, Egypt was in transition—moving away from 40 years of state intervention in the economy and control of resources. The country faced numerous economic, social, and infrastructure challenges. Following the Camp David accords in 1979, US assistance to Egypt increased dramatically, making Egypt the beneficiary of one of the largest economic assistance programs in the world. Since then, the US has contributed an average of \$815 million annually in economic assistance aimed at enhancing stability, democracy, and prosperity for Egypt and the Middle East.

Early assistance to Egypt focused on immediate economic needs including clearing, repairing, and reopening the Suez Canal, thus restoring to Egypt and the world an important trade artery. Assistance programs targeted Egypt's infrastructure with the improvement and expansion of electrical power, water and wastewater, grain storage, telecommunications, and port facilities. Professional and institutional ties between Egypt and the United States were also rebuilt. By the middle of the 1980s, the economic assistance to Egypt broadened in order to focus on improving the quality of life of the Egyptian people, particularly those in rural areas, in agriculture, health, basic education, and local development. The economic programs also assisted Egypt in rebuilding its industrial and commercial base through imports of commodities, equipment, and intermediate goods from the US. By the early 1990s, the Egyptian government focused on structural adjustment, policy, and reforms, and opened up a greater role for the private sector in Egypt's economy. Whether the immediate target was regulatory changes, privatization, or greater access to credit by small and micro entrepreneurs, the United States' and Egypt's main objective was to facilitate economic growth and increase the number of productive jobs.

The portfolio of activities has responded to Egypt's changing developmental needs, but it remains based on our mutual goal to increase Egypt's economic growth and the quality of life of its people. In September 1994, US Vice-President Al Gore and Egyptian President Hosni Mubarak launched the US-Egyptian Partnership for Economic Growth and Development, intended to broaden and deepen the economic relationship between the two countries, specifically the commercial linkages between the private sectors. USAID has played an important role in supporting the objectives of the U.S.-Egyptian Partnership and, as a result, has received valuable impetus for key program objectives. Such objectives include the promotion of private sector-led trade and investment, improved management of the environment, promotion of high technology and more linkages between education and workforce reforms.

Over the past 25 years, Egypt's development, supported by the US and other donors' investments, has created a solid foundation for it to stand as a partner in the global economy. The challenge, however, is more than economic growth alone. To be globally competitive, Egypt must translate growth into good jobs, avoid environmental degradation, and offer adequate services. Accordingly, USAID-Egypt's new strategy is a "Globally Competitive Economy, Benefiting Egyptians Equitably." The next ten years will see the relationship between Egypt and the US evolve further as the amount of our assistance program decreases. A quarter century of cooperation has set the stage for the 10-year transition from a relationship based on aid to a relationship based on trade and investment.

STRENGTHENING THE ENVIRONMENT FOR TRADE AND INVESTMENT

The United States and other donors, including the International Monetary Fund and the World Bank, have been working with the Government of Egypt (GOE) to promote a market-oriented economy where:

- The means of production increasingly shifts from the public to the private sector.
- Competitive markets develop and thrive and private sector productivity increases.
- The private sector acts freely to promote its exports.

USAID's primary strategic objective in Egypt is to support accelerated, broad-based, private sector-led, export-oriented economic growth. This objective includes a broad range of activities in the areas of economic policy reforms, commodity imports, private sector encouragement, agriculture, telecommunications, and power.

USAID is working with the Egyptian government to strengthen the market orientation of the environment for trade and investment. Activities are designed and implemented to promote improved management of macroeconomic policy, to improve fiscal resource mobilization, to globalize the economy through increased external trade, and to deepen financial markets by working with banks and non-bank financial institutions. As an economy becomes more globalized, there are increased costs associated with inappropriate economic policy. The response to bad policy is more rapid and the costs are more explicit. The Asian crisis over the past few years is the most recent example. Most Egyptian economic specialists will agree that the economy has been experiencing a recession over the past 18 months.

USAID has been promoting better economic management with a combination of an incentive-based economic policy reform program and technical assistance to analyze and implement those reforms. The incentive program is one in which financial grants are made to the Government of Egypt in return for the accomplishment of mutually agreed specific policies. The financial grants are designed to partially offset the dislocation often involved in the transition from one policy regime to another.

In order to encourage a more efficient allocation of Egypt's resources, USAID is helping to reduce the role of the government in the production of goods and services. Technical assistance is provided to promote privatization of state owned companies. The objective of the technical assistance is to persuade the Government of Egypt to adopt a strategic approach to the privatization of its state-owned companies. In view of the fact that most of the easy to sell assets have already been sold, a strategic approach could result in a more rapid divestment to stop the existing hemorrhaging of resources. On the other hand, most experts will agree that there is a proper role for government. In that role, government makes and enforces the rules under which economic activity takes place. The role is mostly a regulatory one but there must also be a credible system for dispute resolution. USAID anticipates joint development of activities that will enhance this role for government.

Other USAID activities that aim to strengthen the Egyptian economy include increasing access to credit for small and micro entrepreneurs, providing commodity import

assistance for private enterprises, and assisting the GOE in its efforts to promote an efficient, equitable tax base.

Agriculture and agribusiness accounts for about 19% of Egypt's gross domestic product, 36% of overall employment, and 22% of commodity exports. To further enhance the role of agriculture in Egypt's economy, USAID is assisting the private sector and the GOE in technology transfer for both high value export crops and staple food crops. In addition, USAID has supported the adoption of economic reforms by the GOE, which has resulted in the exposure of major agricultural markets to private competition, increased productivity, and the replacement of former income.

However, constraints remain in Egypt's agriculture sector in areas such as food security, market structure, water resource management, private sector participation in agribusiness, and the GOE's resource allocations in the sector. USAID continues to work with Egypt to address these constraints on agriculture and agribusiness in order to expand and increase agricultural growth.

Infrastructure investments continue to ensure modern, reliable, and sustainable telecommunications and power services that support business expansion. USAID has supported GOE efforts to commercialize the utilities and promote investment in the sector. Demonstrating its increasingly progressive market strategies, the GOE has approved proposals from private sector enterprises to build, operate, and transfer power from power plants to the marketplace, supplementing public sector generation.

Reflecting many of the priorities set by the U.S.-Egyptian Partnership for Economic Growth and Development, USAID activities promote modern and appropriate technology, market opportunities, management training, international quality standards, improved business links through computer information systems and facilities, agribusiness partnerships with US firms and regulatory reform.

SECTOR POLICY REFORM

During the mid-1980s, revenue from Suez Canal tolls, expatriate remittances, oil exports, tourism, and bilateral aid decreased concurrently with a decline in oil prices. In order to maintain public sector outlays, the GOE initiated expansionary fiscal policies. As a result, the GOE's balance of payments situation worsened, foreign debt increased, and international reserves were depleted. By 1990, Egypt faced a major economic crisis with a foreign debt of \$50 billion and no capacity to repay it. Opportunities for economic reform came during the Gulf War, when Egypt received substantial debt relief and economic assistance. After signing agreements with the IMF and the World Bank in 1991, Egypt embarked on a serious economic policy reform effort.

USAID's partnership with Egypt attaches particular importance to the contributions policy reforms make in advancing economic growth. To promote specific changes in a range of sectors—trade, fiscal, financial, enterprise, and environmental -- USAID provides the GOE with a combination of cash transfers upon the adoption of agreed-to reforms and, in some cases, technical and commodity assistance to facilitate their execution. Following the completion of the Sector Policy Reform (SPR) programs I, II, and III, USAID has begun the Development Support Program (DSP) About \$200 million of the \$695 million assistance package provided to Egypt in 2000 is allotted for the Sector Policy Reform (SPR) program.

Development Support Program (DSP I)

Number: USAID Grant No. 263-K-642
Amount: \$200 million per year in the two-year period
Initiated: FY 1999

The DSP is a policy reform program designed to assist the Government of Egypt (GOE) in achieving its planned reform measures. It will improve the environment for trade and investment and increase productive private sector employment. It is directed at achieving USAID/Egypt's new overall strategic goal of, "a globally competitive economy benefiting Egyptians equitably."

The MIC and USAID have agreed on six Specific Objectives, under which 23 Indicators, for the first two years, were identified. Each Indicator is assigned a dollar value that is based on the expected opportunity costs to the economy which are derived from international economic models widely recognized in the valuation of policy reforms.

USAID will disburse up to \$400 million. Accordingly, the GOE may choose among the \$600 million of reforms for implementation, with a maximum disbursement of \$200 million per year in the two-year period. The first disbursement has been made on July 5, 2000 for \$52.7 million.

The DSP I Specific Objectives and Indicators are:

- Reduce the role of the government in the production of goods and services by expanding and accelerating privatization.
- Reduce the legal impediments to employment.
- Open the economy to international trade via lower tariff and non-tariff barriers.
- Decrease the fiscal deficit to promote national savings.
- Reform the financial sector through improvements in the regulation of banks and the insurance industry.
- Establish competitive primary and secondary markets to control inflation, ensure liquidity and enhance private investment.

Technical Assistance to Support Economic Reform (TASER)

Number: USAID Grant No. 263-0277
Amount: \$50 million for the six years period FY 2000 - FY 2006
Initiated: FY 2000

TASER, provides the GOE and selected research organizations with technical assistance to develop, carry out, monitor, and evaluate key elements of the Development Support Program.

Background/progress:

TASER will provide technical assistance activities to support:

- The monitoring, verification and assessment of the effects of the reform on the economy;
- The government's policy reform formulation and implementation efforts in several sectors;
- Coordination and management of the government's policy reform agenda; and
- Performance evaluation of the technical assistance contractor (s) and the program intended results.

These tasks will include sectors such as: trade, fiscal, financial, labor, agricultural, and environment.

COMMODITY IMPORT PROGRAM (CIP)

The Commodity Import Program (CIP) was initiated in 1975, in conjunction with the establishment of US economic assistance to Egypt. The CIP has accounted for almost \$6.3 billion or about one-fourth of all US assistance provided to date. In the beginning, the CIP was instrumental in assisting Egypt reduce its sizeable balance of payments deficits and ameliorate Egypt's negative foreign exchange status. Today, of the \$740 million in US economic assistance appropriated for Egypt in 2000, the US Congress earmarks \$200 million for the import of critical US commodities by the Egyptian private sector.

Originally, the CIP financed public sector imports of American made products. However, with the increased promotion of private sector participation in the economy by USAID and the GOE, CIP assistance is now directed exclusively to the private sector.

Private Sector Commodity Import Program (PRCIP)

Number: 263-0201, 263-K-632/633/636/639/641/643
Amount: \$2.6 billion
Initiated: FY 1986

USAID has been a partner in the GOE's efforts at restructuring the Egyptian economy. The GOE's reforms intend to establish a strong, private sector-led, market-oriented economy. In order to facilitate reforms aimed at restructuring the Egyptian economy, the PRCIP has provided \$200-\$250 million per year in short- to medium-term trade and investment-related financing for the import of U.S.-made goods. The Egyptian private sector accesses this financing through 31 participating Egyptian commercial banks.

Background/progress:

Interest-free grace periods and special loan financing terms provided by the PRCIP accelerate the expansion of private sector investment in Egypt. Importers repay loans in local currency, which is deposited into a special Central Bank account. The GOE uses this account to finance development activities mutually agreed upon by USAID and the GOE.

Under the present PRCIP, financing is available for transactions valued as low as \$10,000, thereby encouraging small or emerging private sector businesses to participate. Preferential terms are also available for investments in Upper Egypt, businesses are increasing their exports, and for investments that benefit the environment.

According to a mid-term program evaluation, 62% of survey respondents reported that the PRCIP helped increase their firms' sales and production. Thirty-five percent said it had increased their firms' employment. Of the participating US suppliers contacted during the evaluation, 46% were introduced to the Egyptian marketplace through PRCIP.

Over 1,400 Egyptian private sector importers have used PRCIP resources. Their transactions have involved 1,862 US manufacturers and suppliers from 47 states, the District of Columbia, Puerto Rico, and the Virgin Islands, and more than 1,200 different commodities. Categories of goods include equipment and machinery, intermediate goods, and raw materials.

During 2000, the program financed 645 individual commercial transactions totaling approximately \$219 million.

PRIVATE SECTOR

For decades, Egypt pursued economic policies based on state intervention, centralized decision-making, public sector dominance of industrial production, import substitution, and a highly regulated system of controls on private economic activity. The cumulative effect of those policies by the mid-1970s was a rigid, segmented, inefficient, and slow-growing economy.

In 1974, the Government of Egypt (GOE) announced an "Open Door Policy" to attract foreign investment. Since then, the GOE has included private sector-led growth objectives in all development plans. There were, however, few incentives for fundamental change. As a result, the progress of privatization reforms was limited. At the same time, the Egyptian economy was buoyant with oil exports at favorable prices, high levels of remittances, and generous inflows of foreign assistance, which weakened pressures for economic restructuring. By the end of the 1980s, however, declining oil revenues and mounting economic difficulties led to a new economic orientation. In 1991, the GOE embarked on a comprehensive economic reform and stabilization program. Over the past three years, significant achievements have been made, especially with respect to macroeconomic stabilization. Nonetheless, much remains to be done to ensure an environment in which private enterprise may flourish.

Until 1992, due to the GOE's strong public sector tradition and highly regulated private sector, USAID focused its private sector support mostly on the needs of SMEs, using non-profit business associations to facilitate SME access to credit and loan guarantee programs through the banking system. To complement the GOE's efforts at economic stabilization, USAID expanded its private sector program to assist the GOE in removing or alleviating regulatory and institutional constraints through APRP. Since 1995, APRP has supported tariff and pricing reform, privatization and private investment, land and water resource investments, agricultural support services, and policies that strengthen the safety net for low-income households during structural adjustment.

In 1995 and 1996 USAID initiated ATUT and GTG to provide training and technology transfer directly to the larger private firms that could rapidly increase productivity and subsequently their exports. Over the last five years assistance has shifted from direct support to individual Egyptian firms to focusing instead on emerging strategic clusters of firms and clusters of private membership associations that support these firms. Building on this new base of larger exporting firms, USAID is increasingly building partnerships among membership based business associations, not for profit organizations, and U.S. corporations to rapidly broaden the number of Egyptian firms that receive assistance. Support services previously provided by USAID or by GOE entities are now being commercialized, such as producer services, SME credit, banking, training, and quality assurance. Clusters of successful firms are taking leadership of the reform agenda and private sector investments are becoming the foundation of private-sector led sustainable increases in economic growth, employment, income, and standards of living.

Privatization Support

Number: 263-0238
Amount: \$35 Million
Initiated: FY 1993

USAID assisted the Government of Egypt (GOE) with the sale of public enterprises and major assets through institutional development and related technical assistance. Progress in privatization is seen by many potential investors as the key indicator of the Government's commitment to establish a free market economy.

Background/progress:

The Government of Egypt announced its intention to privatize 314 state-owned enterprises in 1991 and later added the privatization of 23 joint venture banks to its program. USAID's support for GOE privatization under this project included technical assistance in the following areas:

- **Privatization Transactions:** Increase their capacity to prepare privatization transactions, assistance was provided to the Ministry of Public Enterprise, the Public Enterprise Office, GOE holding companies, affiliate companies, non-governmental organizations, and financial institutions. An anchor investor manual, guidelines for the various privatization methods, and a code of ethics are examples of technical assistance materials developed to enhance sales. Technical assistance focused on enhancing local investment banking participation in privatization was also provided at the conclusion of the project.
- **Public Relations and Organizational Development:** Educate key audiences about the opportunities and benefits of privatization and to encourage their support, the Egyptian media and other organizations have been involved in local and international public relations programs. In addition, to improve the planning, design, and implementation of the privatization program, institutional capabilities of related GOE entities were strengthened.
- **Policy Support:** Reform policies, for example, creation of a four-person ministerial committee appointed to manage the proceeds from privatization deposited in a central account.

In tandem with numerous policy and regulatory reforms, privatization activity increased significantly in 1997 and 1998 compared to earlier periods. As of June 2000, 124 companies had been privatized (measure by the transfer of at least 50% ownership from the government to the private sector), including liquidations, generating revenues of approximately LE 15 billion.

The project concluded in June 2000. Further privatization assistance from USAID is provided through the Partnership for Competitiveness (263-0266).

Partnership for Competitiveness

Number: 263-0266
Amount: \$40 Million
Initiated: FY 1998

The accomplishments of the Government of Egypt (GOE) in privatizing government ownership of companies and a greater public acceptance of a larger role for the private sector in the economy has generated an environment for continued privatization in Egypt. New legal and regulatory developments and maturing capital markets institutions are currently promoting the country's privatization program. This project expands on the activities started under the Privatization Support project.

Background/progress:

The intended result of this project is increased privatization leading to greater private sector competitiveness and private sector participation. Also expected are higher levels of private foreign investment, transfer of technology, and improved management techniques. Specific activities to be carried out under this project include:

- Technical assistance and training for effective performance of due diligence and preparation of privatization (bid) documents;
- Support services to identify potential bidders, bid and negotiation support; and other guidance leading to completion of privatization transactions.
- Assistance to public enterprises that are either marginally profitable or operating at a loss.
- Special studies, workshops, and monitoring of privatization activity to promote best practices and public awareness in privatization.
- Development of other Egyptian institutions leading to a sustainable privatization process.

Privatization activity in the fourth quarter of 1999 and the first quarter of 2000 centered on the successful conclusion of sales of cement companies to anchor investors. With the exception of these transactions, the pace of privatization has clearly slowed. Presently the focus is on establishing a smoothly operating, transparent privatization process which will lead to renewed momentum in completed transactions. Privatization objectives integrated in the Mission's Development Support Program resulted in \$21 million in cash transfers in July 2000.

There are currently four activities funded by the Partnership for Competitiveness:

- Privatization Implementation Support (PriceWaterhouseCoopers)
July 2000 to July 2002; \$19.2 million
- Privatization Coordination and Support (Carana Corporation)
May 1999 to June 2001; \$3.8 million (plus option year of \$2 million)
- Grant for PEO Support (UNDP)
April 2000 to March 2002; \$500,000
- PSC Contract for Privatization Technical Assistant (assigned to USAID/EG/PF)
April 2000 to April 2002; \$375,000

Capital Markets Development

Number: 263-0252
Amount: \$32 Million
Initiated: FY 1997

USAID is supporting the GOE efforts to expand financial services through the development of the country's capital markets. Through this activity, private corporations and business organizations will have access to a larger pool of funds and individual investors, employees, and consumers will also benefit from the expansion and development of Egypt's capital markets. It is expected that by 2001, the value of shares traded on the Stock Exchange will increase from LE 15 billion to LE 25 billion, the volume of trading will increase from 400 million shares to 600 million shares, and market capitalization will increase from LE 70 billion to LE 100 billion.

Background/progress:

The recent dramatic growth in the capital markets, a consequence of Egypt's privatization program, has increased the risk of overwhelming the control system's capacity. To protect investors, maintain order as the market expands, and attract more privately owned enterprises to the market, appropriate policy, regulatory, and institutional systems and practices are needed. Reforms include more encompassing regulations, clearer disclosure rules of enterprise finances and enforcement; more efficient automated trade, clearance, settlement, and depository systems; stock and bond exchanges which "self-regulate" their participants and enforce discipline; and a self-regulating brokerage industry which is trained and certified.

USAID's Capital Markets Development activity will support the introduction of state-of-the-art, computer assisted, operational technologies for stock, bond, and money markets. It will also directly support strengthening the human resource and organizational capabilities of several partners and strengthen Egypt's capital markets' regulations, guidelines, and operating procedures by providing specialized consultants. Other objectives of the activity will be to activate a money market by increasing volumes of secondary trading in GOE Treasury bills and inter-bank funds and to activate a bond market through daily trading of Treasury bonds and fixed-rate corporate bonds.

The Capital Markets Development Project has helped make significant market improvements. Following are some of these achievements:

- Providing a USD one million worth of hardware to the stock exchange for the new trading system to be implemented this year.
- Establishing a settlement guarantee fund which reduced unsettled trades three days after a transaction from 11,304 at the last quarter of 1999 to 3,156 in the first quarter of 2000 and five days after a transaction from 160 to zero respectively.
- Enacting a Central Depository Law to regulate settlement and depository of securities.
- Issuing a bond dealers decree to activate the bond market.
- Developing web site for the Capital Market Authority to help improve transparency in rules and procedures.

- Training financial journalists to ensure better and more accurate reporting.
- Upgrading the skills of staff working in all institutional partners through standard training and on the job training.

Partnership for Economic Reform (PER)

Number: 263-0269
Amount: \$25 million
Initiated: FY 1997

The PER was introduced by USAID with the purpose of reforming Egypt's economic framework to promote rapid economic growth. This activity directly supports the activities of Subcommittee I of the U.S.-Egyptian Partnership for Economic Growth and Development.

Background/progress:

Studies have shown that Egypt's current corporate tax system deters many investors from investing in Egypt. Through technical support, USAID will work with the Egyptian Government to establish a more equitable distribution of tax burdens and higher productivity.

Another element of the project is to reform and modernize the System of National Accounts (SNA), the system which provides information about the economy and allows investors to make investment decisions. The PER project includes technical support to update the system of data collection, analysis, and publication in order to give investors and the public the accurate and relevant information needed to make economic decisions.

The PER activity also supports the agenda of the U.S.-Egyptian Partnership for Economic Growth and Development in promoting economic reform through activities specifically sponsored by the Partnership. These activities include technical support from other US Government agencies such as the Departments of Treasury, Commerce, and the US Securities and Exchange Commission, to support the GOE's efforts in technology transfer, pollution reduction, improved management of natural resources, attracting investment, expanding trade, and improving access to quality education.

Information and Communications Technology (ICT)

Number: 263-0282
Amount: \$39.1 million
Initiated: FY 2000

The Government of the Arab Republic of Egypt (GOE) has recognized the high priority of expanding and deepening ICT as a principal avenue to both greater national productivity and global competitiveness.

Despite recent impressive and demonstrable progress, technical, institutional, legal and regulatory, human resource, and infrastructure obstacles that constrain greater private and public sector utilization and national productivity hamper the ICT sector in Egypt. Cooperation between public and private institutions is required to overcome these obstacles, thus facilitating the development of ICT in Egypt in a manner that accelerates economic growth and productivity, leading to increased global competitiveness.

Background/progress:

To achieve this result, USAID has signed a bilateral agreement obligating a \$39.1 million ICT project that will provide technical assistance, training, grants and commodity procurements for ICT-related hardware, software and services. Support provided under this five year project will be concentrated in the following priority areas:

(1) Improved Legal and Regulatory Environment for ICT:

The project will provide assistance to implement an improved legal and regulatory framework, including draft telecommunications, e-commerce, and other ICT related laws, regulations and procedures. It will also support Egypt's adoption of and compliance with specific ICT-related international agreements such as the Basic Telecommunications Agreement and the Information Technology Agreement. It will additionally provide assistance to the GOE ICT-regulatory authorities, such as the Telecommunications Regulatory Authority, and a proposed NGO, the "Federation," in establishing an enabling legal and regulatory environment for growth in ICT.

(2) Increased E-Government and E-Commerce:

The project will promote a healthy e-business environment by implementing mutually agreed-upon activities that encourage electronic financial and payment services, and address security concerns. It will also support the implementation of mutually agreed upon e-government and e-commerce pilot activities. Such pilot activities will aim to improve efficiencies, cost effectiveness, and access to government-funded services, particularly those provided to the private sector.

(3) Expanded Usage of ICT throughout Egypt:

The project will support activities aimed at expanding the usage of ICT both by the private sector and individual citizens. It will support activities and campaigns that promote awareness of the role ICT can play in increasing efficiencies and improving competitiveness of the Egyptian private sector. Through telecenters, incubators and other

mechanisms, the project will also increase access of individuals and businesses in remote areas and support the creation of start-up ICT firms.

(4) Grants to U.S and Egyptian NGOs:

This project will provide grants to U.S. and Egyptian non-governmental organizations (NGOs) to support activities that lead to the increased development and adoption of ICT in Egypt. Priority consideration will be given to proposals that focus on enhanced ICT adoption and diffusion in non-urban or rural areas and small towns and villages. All project-funded grants will be made in accordance with USAID requirements for grants to NGOs.

The Ministry of Communications and Information Technology will serve as the key GOE implementing partner for all project activities. In matters pertaining to e-commerce, the Ministry of Economy and Foreign Trade will also serve as an implementing partner. In matters pertaining to telecommunications regulations and procedures, the Telecommunications Regulatory Authority will serve as an additional implementing partner.

Egyptian Center for Economic Studies (ECES)

Number: 263-0230
Amount: \$14.1 million
Initiated: FY 1993

ECES is an independent, non-profit research institution dedicated to giving the private sector a strong voice in the formulation of economic policy. The main goal is to accelerate economic reform in order to achieve rapid economic growth for integrating Egypt into the global economy.

Background/progress:

The GOE has implemented significant economic reforms and several mechanisms were developed to support such reform and the ensuing momentum. ECES helps in this regard by producing high quality policy analyses aimed at promoting economic and social development. ECES engages the business community and policy makers in dialogue to identify, develop and implement necessary economic policy reforms. To achieve that, ECES hosts events and publishes reports in the form of a Distinguished Lecture Series, a Working Paper Series, a Policy Note Series, Roundtable Discussions and conferences to achieve the following:

- Provide a credible think-tank perspective on current economic issues in Egypt;
- Engage various policy-makers in healthy debate; and,
- Enhance policy-makers' access to the relevant experiences of other countries.

Examples of issues that have been addressed include:

- Marginal Effective Tax Rate and Investment Behavior;
- The Liquidity Problem;
- FTA between Egypt and the U.S.;
- Exchange Rate Regimes;
- Global Rules for Business: Firm Competitiveness and Opportunities for Success;
- Impediments to Dispute Resolution and Firm Competitiveness in the Middle East North Africa (MENA) Region;
- The Economic Impact of Tourism on Egypt;
- Bank Privatization; and
- A Study of the Asian Financial Crisis.

Another example of a specific area of focus is the informal sector in Egypt. In order to address the integration of such a sector into the mainstream economy, ECES is providing a sub-grant to the Institute of Liberty and Democracy (ILD) of Peru to analyze the institutional and technological aspects governing formal and informal urban real estate and businesses. Based on the results, ECES and ILD will make reform recommendations as well as propose to the Egyptian Government a design for a system to standardize the procedures required to bring such assets into the formal system.

Growth Through Globalization (GTG)

Number: 263-0264
Amount: \$120 Million
Initiated: FY 1996

The GTG program aims at increasing the competitiveness of Egyptian firms in the global economy through technical assistance and support to private sector organizations. An important emphasis of the GTG program is export development.

Background/progress:

GTG responds to Egypt's need to increase exports and labor productivity as engines for accelerating economic growth and job creation. This requires development of competitive products and industrial clusters to meet the rigorous standards of international markets. GTG provides both sector and firm level technical assistance to increase technology transfer, address market information needs and strengthen trade linkages. This focus will contribute to increased private sector competitiveness.

In 1996, USAID initiated GTG to provide training and technology transfer directly to private firms that could rapidly increase productivity and subsequently their exports. Over the last five years assistance has shifted from direct support to individual Egyptian firms to focus instead on emerging strategic clusters of firms and clusters of private membership associations that support these firms. Building on a base of larger exporting firms, USAID is also building partnerships among membership-based business associations, not for profit organizations, and U.S. corporations to rapidly broaden the number of Egyptian firms that receive assistance. Support services previously provided by USAID or by GOE entities are now being commercialized, such as producer services and quality assurance. Clusters of successful firms are taking leadership of the reform agenda and private sector investments are becoming the foundation of private-sector led sustainable increases in economic growth, employment, income, and standards of living.

GTG support will continue to:

- Strengthen trade linkages between Egyptian and U.S. businesses
- Expand access to new technologies and opportunities for trade
- Support policy and regulatory reform through business associations
- Increase use of firm-level technical assistance on an increasingly commercial basis that improves competitiveness of industrial clusters.
- Develop trade and support services
- Improve management practices and skills to enhance productivity
- Provide special market studies and information services through associations that assist private sector firms evaluate global market opportunities.
- Accelerate adoption of recognized product and service standards to increase acceptance and quality in domestic and export markets.

The following are brief descriptions of current activities under GTG:

Center for Business Support (CBS): International Executive Service Corps (IESC) started a new program, CBS, in June 2000 to increase exports and foreign exchange earnings, as well as create more jobs. CBS will provide clients with both direct staff assistance for business plan development and preliminary market research as well as 75% grants to clients for pre-approved activities such as a market access program, technical assistance, web-site development, benchmarking trips and brochure development. The 75% grants is reimbursed to the client-company upon completion of its activities. CBS highlighted sectors are: information technology, tourism and food processing. Each dollar of USAID funding is projected to generate \$3 in new exports.

Agribusiness Linkages (AgLink): is developing meat, dairy, and feed agribusiness partnerships and technology transfer activities with support of the Agricultural Cooperative Development International (ACDI). AgLink connects Egyptian firms with U.S. "know-how," equipment, agricultural inputs, and services to address production, processing, and management problems and to facilitate trade relationships. AgLink emphasizes export opportunities for processed food products from these sectors. Each dollar of USAID funding to AGLINK is associated with \$5 of new exports and reduced imports of meat and milk.

The United States and Egypt Presidents' Council: U.S. Vice President Al Gore and Egyptian President Hosni Mubarak established this council under the U.S.-Egyptian Partnership as a way to broaden and deepen business relationships between the two countries and to encourage articulation of policy advice from the business community. Chemonics International, Inc. is providing secretariat support for council outreach, logistical support for communications and visits, and transition to a member supported organization. A website has been created as a core element of the Council outreach strategy. See www.us-egypt.org.

The Egyptian Exporters Association (EEA): The Egyptian Exporters Association is a private sector-led organization established in 1997 to assist private Egyptian firms to expand their export activities. EEA's action arm is Expolink whose primary focus is to provide direct marketing assistance to Egyptian exporters. This includes the provision of market information and materials, and advocacy for export policy and regulatory improvements. In addition to export marketing, Expolink provides firm-level and industry-level technical assistance and development assistance. Expolink currently concentrates on five export sub-sectors: garments, leather, furniture, fresh and processed foods, and software. Due to Expolink's direct assistance, Egyptian exports have increased by \$145 million in specifically targeted sectors. Also, Expolink has provided its assistance to 600 firms with over 130 different service packages.

The Agriculture-Led Export Business (ALEB) activity: supports Egypt's private sector to diversify its export market by improving the competitiveness of food processing companies and related service providers. ALEB interventions increase market-led, Egyptian private sector exports of targeted processed food products while supporting the sustainable development of private sector firms and associations providing services to food processors. ALEB's mandate is to 1) expand and enhance export marketing and product information; 2) expand processing technologies and product improvement service; 3) expand and strengthen international marketing, management and technical skills; 4) enhance associations and private sector organizations support for export

services and policy, 5) expand and enhance private sector strategic alliances that support exports. Each dollar of USAID funding is estimated to be generating \$3 in new production of export quality products.

The Horticultural Export Improvement Association (HEIA): is a membership driven association formed for the benefit of producers, exporters, and service providers whose mission is to promote the expansion of sustainable exports of horticultural crops through accessing modern production technology, state-of-the-art post-harvest practices and market information. HEIA is strengthening their institutional capacity through Networking, Training, Quality Certification, Product Technology adaptation, Outreach and Publications. HEIA has achieved a strong, committed membership of 120 exporters, growers, and related service firms which is expected to grow to 300 by 2003. Women are members and a woman serves on their Board of Directors. Smaller farmers join as "associate" members at reduced fees to obtain membership services including technical and marketing information, quality assurance programs at the farm and at packinghouses, and farm management. HEIA has taken the initiative to identify constraints and resolve them. Multinational input dealers and recently a U.S. multinational grower have expressed interest in becoming members.

Business Association Strengthening Activity (BASA): strengthens governance and leadership of Egyptian business associations. BASA provides association officer training and small strengthening grants when associations reach a level to effectively utilize this type of funding. Based on a recent assessment there are over three dozen business associations that are mostly weak institutions but are increasingly playing a vital role in business growth. BASA will be implemented through the USAID supported NGO Service Center.

American Chamber of Commerce (AmCham): assistance was initiated to develop a communications network and disseminate online business, trade, and economic information to the business community. Through the Business Information Highway, AmCham's information is accessed, shared, and disseminated electronically to U.S. and Egyptian businesses, AmCham members, and other donors and business leaders worldwide. Services offered by AmCham include online business matchmaking, discussion groups, tenders alert services, stock exchange Reuters news, website hosting and advertising, video conferencing, e-commerce service support, IT training, and online training. AmCham business information network broadens AmCham members' and clients' access to critical global market information and international and foreign business firms' access to Egypt's business and market information. In addition, AmCham has conducted business missions to the U.S., which opened export and investment opportunities for both countries. AmCham publishes economic reports on the Egyptian market, position papers on required legislative changes, and hosts a weekly television program for the wide dissemination of market information. E-commerce public awareness and advocacy is the newest AmCham initiative with GTG. See www.AmCham.or.e.g.

The Global Technology Network (GTN): GTN is an AID/W Global Bureau Program that is co-funded by USAID/Egypt. The program strengthens technology transfer and cooperation between the U.S. private sector and their counterparts and customers in developing and emerging market countries. The GTN works by matching U.S. companies with clients through an automated trade lead system with intensive client follow-up. GTN in Egypt will link Egypt's industrial and manufacturing sectors and industry clusters

to a broad spectrum of similar U.S. product and service-oriented firms offering the latest in technology, products, services, and expertise.

The GTN Washington Office is expanding the GTN network beyond its current traditional sectors. The expansion of the network will broaden trade linkages between non-traditional sectors such as textiles and ready-made garments, leather products, furniture, and services.

USAID/Egypt funding for the GTN grant will also establish an American Business Center (ABC) at the American Chamber of Commerce in Egypt (AmCham). The ABC will provide professional assistance to U.S. businesses pursuing and completing business deals with Egyptian private sector firms wanting to gain access to U.S. technology, products, and services.

Small Enterprise Credit (SEC)

Number: 263-0228
Amount: \$35 million
Initiated: FY 1991

Under the SEC project, USAID and the National Bank for Development (NBD) work together to providing short-term credit to small and micro enterprises (SMEs) in the greater Cairo area. In September 1996, SEC expanded its program to the Credit Guarantee Corporation (CGC) to provide financial, technical assistance, training, and other services to SMEs throughout Egypt using a national web of lending organizations including banks, non-governmental organizations, and community development associations.

Background/progress:

Using the existing facilities of NBD's central office and 13 branch offices, space was furnished and equipped to accommodate 250 full-time SEC employees to work as SME loan officers, supervisors, and support staff.

The principal features of the NBD loan program are:

- **Loan Approval Process:** Loan officers regularly visit target neighborhoods seeking out potential borrowers, assisting them in calculating their loan requirements, and establishing their eligibility to participate in the program. Completed loan applications are delivered to the branch offices for processing. Approved borrowers are required to place 10 percent of the requested loan amount into an NBD interest-bearing savings account. Loan officers return to successful loan applicants in their place of business to deliver loan documents and funds. Periodic follow-up visits are made to target neighborhoods at least weekly.
- **Eligible Borrowers:** Generally small entrepreneurs in the greater Cairo area, with less than 15 employees, and less than LE 25,000 (\$7,350 equivalent) in fixed assets, excluding land and buildings.
- **Loan Size and Term:** LE 250 to LE 5,000 (\$73-\$1,470 equivalent) for 4-12 months.

The accomplishments of the SEC program include:

- NBD has established an efficient and effective SME lending program which is capable of sustaining and expanding its activities based on reflows of principal and interest into the fund.
- As of December 1997, 155,694 loans valued at more than LE 373 million (\$110 million equivalent) have been extended to Egyptian entrepreneurs in the greater Cairo area. This figure includes loans disbursed through the Rural Small-Scale Enterprises (RSSE) program in the Sharkia and Damietta governorates. (USAID funding for this project ended in 1993.)
- Full financial self-sustainability was achieved ahead of schedule.

Small and Micro Enterprise Development (SMED)

Number: 263-0212
Amount: \$44 million
Initiated: FY 1988

The use of non-profit foundations as financial intermediaries to establish viable credit delivery systems for small and micro enterprises is another method utilized by USAID to expand economic output and to increase employment and wages of low-income Egyptians. These non-profit foundations administer their funds in cooperation with local banks to facilitate the provision of credit to SMEs.

The principal features of the SMED program are: (1) Eligible borrowers are generally existing, owner-operated small (6-15 employees) and micro (1-5 employees) enterprises. (2) Loans range in size from LE 500 to LE 5,000 (\$147 to \$1,470 equivalent) for micro enterprises (the average is LE 3,000/\$880 equiv.) and LE 5,000 to LE 15,000 (\$1,470 to \$4,410 equiv.) for small enterprises (the average is LE 8,000/\$2,352 equiv.). (3) Terms are 4-12 months for working capital loans and up to 24 months for fixed-asset loans. (4) Charges to borrowers are based on the prevailing commercial bank market interest rates plus the foundation's administrative costs. Every foundation utilizes computerized loan tracking and accounting systems.

Background/progress:

ABA Foundation (Alexandria and Kafr El-Sheikh): ABA provides training for entrepreneurs, marketing support and research for businesses, and maintains an exhibition center for client products. Thus far, 66,000 loans have been extended for LE 180 million (about \$53 million equivalent). About 10% of the 26,000 borrowers are women.

ESED Foundation (Cairo): ESED, initiated in November 1990, has generated 38,000 loans in the amount of LE 114 million (about \$33.5 million equivalent). About 11% of the 21,000 borrowers have been women.

SEDAP Foundation (Port Said): SEDAP began end-use lending in January 1995 and has generated 4,600 loans valued at LE 14 million (about \$4 million equivalent) to 1,700 borrowers.

ASBA Foundation (Assiut): ASBA began end-use lending in January 1996 and has generated 3,600 loans, valued at LE 10 million (\$3 million equivalent) to 1,600 borrowers.

Sharkia Business Association (SBA): SBA joined the SMED program in October 1996 and initiated end-use lending as of June 1997.

As of December 1997, 156,600 loans valued at LE 471 million (\$139 million equivalent) were disbursed to more than 70,000 SME borrowers with a less than three percent default rate. The SMED project has exceeded the targeted number of SME clients ahead of schedule.

Small and Emerging Business (SEB) Support

Number: 263-0258
Amount: \$15 million (\$100 million planned)
Initiated: FY 1997

The purpose of the SEB activity is to broaden the scope of USAID assistance in the delivery of credit to small and emerging businesses that lack sufficient collateral to obtain loans from domestic banks. Credit will be distributed through a private, for-profit corporation, the Credit Guarantee Corporation (CGC). Through 2001, SEB is expected to reach approximately 200,000 small and micro enterprises by means of more than 100 lending units.

Background/progress:

During the past 10 years, USAID has developed two models for providing credit to small businesses. The Small and Micro Enterprise Development (SMED) project delivered credit through local foundations and the Small Enterprise Credit (SEC) project delivered credit through a national bank. Taking the best elements of each model, USAID has developed the SEB activity to provide needed credit nationally, using a grassroots network of lending agencies. The SEB will originate with a centralized operation of the CGC, which will develop a network of participating lending units nationwide. These lending units may include local banks, community development associations, and non-governmental organizations (NGOs).

The CGC, established in 1990 by ten domestic financial institutions, has received funding from USAID (under the Private Enterprise Credit project, 263-0201) for equipment, technical support, and training. The Ministry of International Cooperation (MIC) provided the CGC with a LE 60 million soft loan. Since its establishment, 27 banks have signed participation contracts and nearly 2,200 bank employees have been trained to make use of CGC services. This new activity will continue to provide assistance through a combination of financial, technical, and training support. In addition, it will support a management framework for expanding and diversifying SEB lending agents, addressing policy and regulatory constraints, and monitoring and overseeing program results and policy reforms related to SEBs.

The CGC guarantees up to 50% of loan principal for small businesses and is currently charging the banks a 2% fee. Approved loans ranging from LE 20,000 to LE 1.5 million under this program.

Through this activity, USAID will consolidate and direct its small and micro enterprise lending support through the CGC. USAID grants will allow CGC to expand its operations and extend credit to qualifying borrowers. Lending units will also receive financing for start-up costs and operational support through the CGC.

AGRICULTURAL SECTOR

Egypt is well endowed for a highly profitable agricultural sector. Its exceptional natural resources include fertile soils, a temperate climate, year-round sunshine, and an irrigation system that allows complete water control for agriculture. In addition, there is absence of recurring natural disasters (drought, flood, frost) that reduce productivity, and a location near expanding markets in Europe, Africa, and the Middle East.

Agriculture accounts for approximately 19% of Egypt's GDP, 36% of overall employment, and 22% of commodity exports. Half of the Egyptian population lives in rural areas where agricultural activities predominate. Related industries including agricultural inputs (water, fertilizer, pesticides and seeds) and the processing and marketing of commodities, accounts for another 20% of GDP in addition to a substantial portion of the work force.

Growth in the agricultural sector during the early to mid-1980s was poor due to heavy state intervention in the sector. To boost production and increase the incomes of farmers, USAID assistance has emphasized agricultural policy reform, support for agricultural research and grassroots activities that improve financial services, the introduction of appropriate farm management techniques, expanded access to improved inputs and new technologies, and the formation of water-user associations to operate and manage local irrigation systems. USAID has provided about \$1.26 billion for the development of the agricultural sector.

Between 1980-90, the real value of crop production (measured for 23 major crops) increased by 89% or by 6.6% annually, leading to a significant increase in real farm income of approximately 24%. Total wheat production more than doubled from 1986 to 1992 as a result of a 38% growth in yields and an increase in the area cultivated by wheat. Rice production doubled over this same time: yields increased from 5839 kilos a hectare (kg/ha) in 1987, to 7710 kg/ha in 1993; the highest rate of growth in the world for the same period. Despite these gains, agricultural production overall began to slow in the early 1990s. By 1995, growth was estimated at 2.7%. However, water use efficiency has improved. The value of production jumped from LE485 for every 1000 cubic meters of water in 1995 to LE535 in 1999.

Continued USAID support for the sector is essential. Greater emphasis will be placed on increasing net value added, including the production of more high value horticultural crops, and sector reforms are needed to spur growth.

Agricultural Policy Reform Program (APRP)

Number: 263-K631
Amount: \$245 million
Initiated: FY 1995

USAID is working with several Government of Egypt (GOE) ministries to remove remaining policy barriers to private enterprise in agriculture, to create a liberal, competitive marketing system, and to stimulate sustainable agricultural growth. The APRP is a six-year program that consists of annual cash disbursements to the GOE based on the implementation of policy reform benchmarks mutually agreed upon by the GOE and USAID. This program seeks to increase agricultural productivity by liberalizing agricultural markets, improving the management of water resources, and increasing access to agricultural information.

APRP is designed to achieve policy reform in five key areas:

- prices, markets, and trade;
- private investment and privatization of agribusiness;
- agricultural land and water resource investments;
- agricultural sector support services; and
- food security and poverty alleviation.

As of 1999, APRP has focused primarily on the latter three policy areas.

Background/progress:

The APRP builds on earlier efforts by the Agricultural Production and Credit Project (APCP) to liberalize agricultural input markets (fertilizer, chemicals, etc.). Key aspects of APRP are its incorporation of policy reform efforts in the water resources sector and departure from direct assistance for structural improvements in agricultural irrigation systems. Reforms in the water resource sector will lead to improved utilization of this increasingly valuable natural resource.

To date, the GOE has taken a number of major steps to liberalize agricultural markets by removing restrictions on farmers' production and marketing decisions, opening up fertilizer sales to private dealers and cooperatives, and enabling the private sector to participate in cotton marketing. The recent adoption of policies supporting transportation and cold chain facilities at airports to maintain the cold chain from farmers' fields to European markets should result in an increase in horticultural exports in the near future. In addition, all eight former public-sector rice-milling companies have been sold to their employees and are now private sector entities. There has also been favorable progress in policies that contribute to improved water resource management. These include measures to: a) reduce water consumption in rice and sugar cane; b) revise water quality standards and regulations; c) develop stronger policies regulating drainage re-use; and, d) facilitate the creation of water user associations nationwide.

Technical Assistance for the Agricultural Policy Reform Program (TA/APRP)

Number: 263-0219
Amount: \$56 million
Initiated: FY 1995

TA/APRP provides professional technical expertise to assist participating Government of Egypt (GOE) ministries in implementing planned Agricultural Policy Reform Program (APRP) policy-related reforms. Activities carried out with the Ministry of Agriculture and Land Reclamation and the Ministry of Water Resources and Irrigation assist in program management, provide technical assistance and capacity-building for sustainable programs, and assist in carrying out program monitoring, evaluation and verification requirements.

Background/progress:

Teams comprised of foreign and Egyptian specialists are assisting GOE counterparts with numerous activities to identify, assess, and address sector reform issues. During the first year, considerable effort was directed toward strengthening and coordinating institutional mechanisms and capacity-building to support the policy reform process. There has been significant progress in the formulation and implementation of specific annual reform benchmarks. Technical assistance teams are actively engaged in a wide range of policy issues, such as limiting government intervention in the cotton industry, expanding international markets for agricultural products, improving information access, rationalizing water allocations for rice and sugarcane production, promoting farmer participation in water resources management decisions, and establishing food security for the poor.

Agricultural Technology Utilization and Transfer (ATUT)

Number: 263-0240
Amount: \$25 million (\$60 million planned)
Initiated: FY 1995

The objectives of the ATUT program include: (1) to identify and transfer innovative and demand-driven horticultural production and post-harvest and marketing technologies to the private sector, (2) to support a collaborative research program aimed at resolving constraints to increased productivity of four staple food crops: rice, corn, wheat and fava beans, and (3) to support Egypt's efforts to commercialize and utilize agricultural biotechnology.

Background/progress:

Horticultural Crops: ATUT activities are aimed at a select number of specific, high-value crops for export. Technical assistance includes observational trips, seminars, and training courses for participating growers and exporters. The active participation of the private sector in setting the research agenda, reviewing research grants, and approving horticultural technology transfer activities is a key element of this initiative. Studies are aimed at identifying new marketing activities, new commodities for export, and analyzing constraints to increasing horticultural exports.

Progress to date includes:

- Grapes, melons, strawberries, cut-flowers and green beans were selected as the primary ATUT horticultural crops for their export marketing opportunities, comparative advantage, and employment generation.
- Detailed commodity sector studies completed on marketing opportunities, size of market, market window, break even prices, etc., for the five crops.
- Numerous workshops and seminars have been held with private sector growers and exporters on a variety of topics including production, post-harvesting, and marketing.
- Food Crops: Strategic collaborative research grants are awarded for study at international centers of excellence and US universities. Research will focus on the highest priority problems associated with rice, wheat, corn, and fava beans to support Egypt's food security needs and on-farm water management. Eighty-four collaborative research grants are under review.
- Commercialization and Utilization of Biotechnology: Collaborative research was conducted jointly by the Egyptian Agricultural Genetic Engineering Research Institute and Michigan State University in the US in order to advance the use of biotechnology in the agricultural sector. Program covers the development of tomatoes resistant to Tomato Yellow Leaf Curl Virus, potatoes resistant to Potato Tuber Moth, and corn resistant to Stem Borer insects. Essential collaboration on Intellectual Property Rights and bio-safety is underway.

Skills for Competitiveness Developed

Number: 263-0281
Amount: \$25 Million (2 Yr. Authorized Funding)
Initiated: FY 2000

Egypt's ability to compete in the global economy and increase the number of employed Egyptians can be enhanced through improved managerial and information technology skills and through an increased responsiveness of training institutions to the needs of employers, particularly in the private sector. In July 1999, President Mubarak cited human resource development as one of Egypt's most pressing needs and asked for U.S. assistance in this area. USAID is assisting through a variety of activities to increase the number of Egyptians with modern managerial and information technology skills and to improve the capacity of training organizations to provide training that is responsive to the needs of business.

Background/progress:

This project will consist of the following activities:

- Assisting Egypt in the development of a world class business school;
- Providing 50 scholarships per year for two-year MBA programs in the United States;
- Supporting the efforts of the Future Generation Foundation to train 2,500 university graduates this year and at least 5,000 next year in basic business skills;
- Supporting the Future Generation Foundation training in an abbreviated "mini" MBA continuing education program;
- Assisting the Ministry of Communications and Information Technology to develop an Egyptian Technological University that provides market responsive training;
- Assisting RITSEC (the Regional Information Technology and Software Engineering Center) in Cairo to improve its internet connectivity so that it can expand its distance learning programs;
- On a pilot basis, financing the purchase of computers and associated training in their use in a small number of elementary and high schools with the idea of expanding the program in the future if it is successful;
- Financing certified IT training from multinational IT corporations for 500 Egyptians per year;
- Providing senior executive training;
- Assisting selected industrial sectors, especially tourism and information technology, to improve training and human resource development within their industries. Tourism alone has the possibility of creating up to 50,000 new jobs per year over the course of the next 7 years if appropriately trained people can be developed; and

- Assisting four universities to improve their instruction in management and marketing.

This set of activities was approved in September 2000. Thus, not all have begun. To date, the following has occurred:

- In September 2000, 15 students entered MBA programs in the United States with 35 more to follow in September 2001;
- Over 500 students are now enrolled in certified training offered by private sector suppliers licensed by major information technology firms such as Microsoft and ORACLE;
- The training of faculty members at four Egyptian universities (Arab Academy for Science, Technology, and Maritime Transport; Assiut University; Sadat Academy in Maadi; and Higher Technological Institute, Ramadan 10th City) to improve their ability to instruct in international marketing and management is underway and will be completed in May 2001;
- In the tourism sector, activities are underway to improve training in a variety of skills. A recent example was training for tour operators to enable them to market their tour packages internationally over the internet, which has become a very important marketing channel in the tourism sector; and
- The first cohort of 30 participants in senior executive training has been selected and will begin in January 2001 their six week program, partly at the Harvard Business School and partly in Egypt.

INCREASING ACCESS TO SUSTAINABLE UTILITY SERVICES POWER

Since 1975, USAID has invested \$1.8 billion for the construction and modernization of the electric utility infrastructure. Egypt's long-postponed infrastructure investments had severely tested the public utilities of Cairo, Alexandria, and many other cities. USAID assistance is improving the lives of the vast majority of Egyptians through improvements in the access, efficiency, and reliability of electricity. Energy use has expanded rapidly in Egypt, revolutionizing the quality of life of most Egyptians and increasing production in the workplace. An estimated 95% of the population now has access to electricity. Electricity consumption has increased by 6% annually since the mid-1980s. Total installed capacity increased from 3,789 megawatts (MW) in 1976 to more than 14,300 MW in 1999 with USAID helping to increase and improve 35% of this capacity. This expansion reflects rapid economic growth, increased urban and rural electrification, and the introduction of energy-intensive industries. Today, the Government of Egypt (GOE) gives high priority to expanding electric power generation to meet future demand, improving operating efficiency, introducing renewable energy technologies, and improving transmission and distribution systems. In addition, it is taking steps to expand the generating capacity by promoting private investment and reforming energy pricing policies to prevent the wasteful and inappropriate use of energy. The GOE also plans to maximize its use of clean-burning natural gas as a fuel, an important energy resource. The Ministry of Electricity has also put into place the power sector regulatory agency to help lead this process.

The GOE and the Egyptian Electricity Holding Company (EEHC) have taken bold steps to illustrate their commitment to private investment for future generating facilities. Using its own foreign exchange, the GOE contracted a US consortium to prepare the necessary specifications, contract documents, and purchase and financial agreements for Egypt's first major private sector investment in infrastructure—a 650-MW power station at Sidi Krir, west of Alexandria for a total investment of \$450 million.

Power Sector Support II

Number: 263-0224
Amount: \$172 million
Initiated: FY 1994

USAID is assisting the Egyptian Electricity Holding Company (EEHC) to improve its planning and efficiency, strengthen its financial viability, increase its autonomy, and promote regulatory reform in the sector. This policy-based reform program is helping to enhance EEHC's transformation into an autonomous utility company capable of operating on a commercially sound, self-sustaining basis. USAID provides technical assistance support of reform and capital financing to infrastructure priorities.

Background/progress:

The following reforms have been accomplished to date:

- The GOE has approved a new, independent regulatory agency;
- Business planning has been institutionalized;
- Staff training has been institutionalized under EEHC's Deputy Chairman;
- Over 1000 professional staff have been trained in policy, institutional and organizational development;
- Executive management and leadership development programs are replacing management advancement based on seniority;
- Financial Management Systems are being worked on with the electricity companies to improve their overall management;
- A preventative maintenance program to cover operations is being implemented;
- Efficiency improvements have saved the equivalent of nearly three million tons of fuel;
- A power pooling system to improve economic management of the power system is being developed; and
- Natural gas use has increased in the power generating system to more than 25% of total power generated.

Private sector power generation began with Build-Own-Operate-Transfer (BOOT) contract awards for three 650-MW power stations at Sidi Krir, Suez and Port Said. The ministry is planning additional BOOTs.

Funding for capital investments include engineering services, equipment, and construction. As reforms were implemented, USAID funds were made available for the following improvements:

- Modernization of control systems at the Aswan High Dam Hydroelectric Power Station, Abu Sultan, Attaka, and Abu Qir Thermal Power Stations
- Installation of voltage controls on the transmission system
- Improved metering of electricity used
- Three new sub-stations

Power Sector Support

Number: 263-0215
Amount: \$461 million
Initiated: FY 1989

This USAID program provided substantial capital infrastructure as incentives to the Egyptian Electricity Authority (EEA) to adopt sector policy changes and improve institution management that would bring about rational investment and consumption decisions.

Background/progress:

In 1989, the GOE embarked on a program to reduce subsidies on electricity. The average consumer price of electricity increased from 19% to 80% of its economic price between 1989 and 1994.

The bulk of this project has been completed, which includes the following:

- Aswan High Dam rehabilitation/modernization: major repairs to the 2,100 megawatts (MW) system completed in 1995 under a separate project (\$140 million).
- Shoubra El Kheima: Power plant with 1,200 MW capacity completed.
- Cairo South Power Plant: 150 MW combined cycle unit completed.
- Cairo West Power Plant: Four steam turbine-generators and three boilers, originally installed in the mid 1960's and late 1970's, modernized and adapted for dual fuel operation (heavy oil and natural gas).
- Hurghada on the Red Sea: Five gas turbine-generators were refurbished, moved, and installed to cope with the increasing power demand at this tourist area.
- The National Energy Control Center: Microwave communication system was expanded to collect operating data from six additional EEA stations between Cairo and the Suez Canal. Computer systems at the Center have been upgraded and expanded to monitor EEA's system performance from 200 locations.
- El Kureimat: Consultant services and major equipment for two 600MW steam turbine-generators were financed by USAID. Other bilateral and multilateral agencies participated in plant financing. Both units are operating now.
- Alexandria and Cairo Zones: Regional Control Centers to monitor the power grid system and improve operational management are being constructed in both cities.

TELECOMMUNICATIONS

USAID's investments in Egypt's telecommunications sector have supported the institutional strengthening of Egypt Telecom (formerly ARENTO) and the improvement and expansion of telecommunications networks in Cairo, Alexandria, and other provincial cities. The benefits of five USAID completed telecommunications projects valued at \$500 million, along with other bilateral assistance, have been significant:

- The number of communities connected to the direct dial network increased from 7 to 251;
- The number of international circuits increased from 820 channels to 8,480 channels;
- The number of telephone lines increased from 50,000 to 5.5 million;
- Telephone density increased from 1.2 to 8.5 lines per 100 population; and
- Centralized operational and maintenance centers have been installed.

Telecom Egypt has made significant reforms in finance, accounting, payroll, personnel, planning, and management systems. Under the current Telecommunication Sector Support project roughly 310,000 new lines are being installed, a state-of-the-art network operations center is being constructed and several initiatives to strengthen telecommunications system are being carried out.

Since 1980, telephone subscription and installation fees have been increased in an attempt to keep pace with rising expenses. Telecom Egypt's operating margins improved considerably because revenues from international service far exceed costs. For overall efficiency, further institution-building reforms are needed along with substantial new investment in the telecommunications infrastructure to meet the enormous demand for new service.

USAID institutional and policy support to the telecommunications sector has led to new initiatives including:

- The competitive pricing of VSAT services;
- The provision of Internet services by 60 private sector providers;
- The licensing of the resale of telecommunications services by private entities;
- The leasing of 40,000 lines to private sector pay telephone operators;
- The privatization of cellular telephone (GSM) services;
- The development of a new telecommunications infrastructure plan for Egypt; and
- The establishment of the telecommunications regulatory agency.

In addition, partnerships with major private sector vendors such as Lucent, Siemens, Alcatel, Ericsson, and NEC for various projects represent progress toward achieving a more commercially oriented, efficient telecommunications system in Egypt. The GOE also announced that Telecom Egypt would gradually be privatized.

Telecommunications Sector Support

Number: 263-0223
Amount: \$278 million
Initiated: FY 1993

The objective of USAID assistance in this program is to help the GOE transform Telecom Egypt (formerly ARENTO) into an autonomous utility capable of operating on a commercially sound, self-sustaining basis. Institutional and policy reforms are prerequisites for capital improvements.

Background/progress:

The law establishing Telecom Egypt provided the legal framework for an autonomous organization. To enhance Telecom Egypt's sustainability and streamline management, market pricing, cost recovery for services and fiscal autonomy, the Government of Egypt agreed to a program to promote set institutional and policy reforms in 1994.

Program efforts are producing the following results:

- The GOE established a telecommunications regulatory agency and has provided staffing.
- A new personnel performance appraisal and compensation policy was established for Telecom Egypt.
- Substantial profits demonstrate increasing financial viability.
- The private sector is increasing its role in telecommunications in areas such as the Internet, cellular vendors, and pay phones and other sources.
- Under Law 159, Telecom Egypt has been given the freedom to move toward private sector operations.

As reforms have been implemented by Telecom Egypt, USAID funds were provided for the following capital improvements: 20 digital switching systems for network expansion and associated outside plant consisting of 365,000 lines and a Network Operations Center (NOC). An additional 310,000 lines are being installed. The added switching systems and outside plant will provide additional access to the Egypt Telecom network for nearly 1.8 million Egyptians. The NOC will provide Telecom Egypt's staff with network performance data to allow decisions to be made on a real-time basis to achieve optimum reliability in network operations.

WATER AND WASTEWATER

During the late 1970s, population density, together with long-postponed infrastructure investments, severely overwhelmed the water and wastewater services of urban areas throughout Egypt, creating numerous environmental health hazards and severe constraints on Egypt's economic development. Recognizing Egypt's critical need for improved water and wastewater infrastructure, USAID, since 1975, has invested over \$2.6 billion in urban water and wastewater infrastructure, benefiting approximately 22 million Egyptians. USAID's assistance to the sector initially targeted emergency provision of sewerage infrastructure to relieve flooding in Cairo and Alexandria, and replace/rehabilitate war-damaged services in the canal cities of Port Said, Suez, and Ismailia. USAID's work in Cairo and Alexandria has constructed well functioning sewage systems. Since the middle 1990s the program has shifted the geographic focus of its investment portfolio from large urban centers to smaller, under-served urban centers in the Delta, South Sinai, Middle and Upper Egypt, while placing increased emphasis on institutional development of local utilities. USAID is currently managing a water and sanitation program valued at approximately \$1.0 billion. Most funding is programmed for the construction of major new water and wastewater treatment and conveyance facilities. USAID implements water and wastewater activities in close cooperation with numerous Egyptian agencies, including nine economic utility organizations, 12 governorates, and the Ministry of Housing, Public Utilities, and New Communities.

Under the water and wastewater program, USAID's objective is to improve access by Egyptians to more reliable, higher quality utility services. This is accomplished by improving the cost recovery and commercial orientation of utilities as well as by increasing investment in physical facilities. In the past, institutional reforms for Egypt's water and wastewater infrastructure have focused on granting institutional autonomy and decentralized decision-making power for specific local utilities, beginning with Cairo and Alexandria, and in 1995, a Presidential Decree allowed seven governorates to operate as economic entities on a cost-recovery basis. Recently, USAID has assisted the GOE to develop proposals and build support for comprehensive reform in the water and sanitation sector. The goal of sector reform is to increase autonomy, promote commercial management of local utilities and to encourage private financing and management of services. The draft legislation, consisting of a draft Presidential Decree and a draft law on Private Sector Participation (PSP), was approved by the cabinet and Prime Minister, and is now pending review by the State Council. These proposals mark a major shift in GOE policy, constituting the most significant step taken to date to devolve fiscal and managerial authority, strengthen accountability, and establish a policy and institutional framework for market-based financing of and private participation in water and sanitation services.

USAID will complete its 25-year urban infrastructure program in 2004. Nationally, support will continue for the creation of a new, independent regulatory agency, enhanced capacity to manage private sector investment transactions, and for complementary measures to enable and encourage local utilities to operate along business lines. Concurrently, USAID's institutional development efforts aim at greater cost recovery and operating efficiency, which, coupled with master planning and capital assistance, encourages the commercialization of local utility operations and increases their capacity to deliver services.

Secondary Cities Development

Number: 263-0236
Amount: \$315 million
Initiated: FY 1994

USAID's program is assisting smaller communities in improving collection and distribution pipeline networks and expanding water and wastewater treatment in four governorates. The release of funds for these capital improvements follow the implementation of utility improvements essential to the operation of autonomous local utilities including budgetary reforms, improved billing and collection, and indication of the ability to effectively manage resources. Action plans have been developed and agreed to in advance by all parties in reorganization, targets, and timing of reforms.

Background/progress:

The Secondary Cities Project (SCP) was conceived to accomplish reforms in seven small to mid-size cities (i.e. Daraw, Kom Ombo, Luxor, Mansoura, Nasr City, Nuweiba, and Sharm El Sheikh). The project was designed to address two problems: (1) the need to provide W/WW services to meet growing demand; and (2) the need to enhance the autonomy of local institutions and ensure the sustainability of existing and new W/WW infrastructure.

In response to this challenge, USAID initiated a program of capital technical assistance to achieve two main goals:

- To ensure that the expanded and/or rehabilitated water and wastewater facilities are operated and maintained at design levels; and
- To assist the entities responsible for operation and maintenance of the facilities to operate autonomously and recover their O&M costs.

Phase I of the Institutional Development Program (IDP) focused on the establishment of viable utility organization structures and accompanying management systems, and required the SCP utilities to fulfill several mutually agreed upon benchmarks needed for the release of capital construction funds. Following successful completion of Phase I, USAID authorized Phase II of the IDP and released funding for the capital projects contemplated in the program. Phase II IDP programs and activities are designed to build upon Phase I successes, and in the process, to ensure SCP utilities' transition to financial and managerial self-sufficiency. In addition, Phase II IDP programs are designed to enable SCP utilities (1) to maximize private sector participation in service delivery, and (2) to take optimal advantage of impending sector reform initiatives. The Engineering Design/Construction Management (ED/CM) component embraces the following: (1) preparation of final design packages (including construction drawings and specifications and environmental assessment studies) for the several capital construction projects programmed; (2) oversight of the tendering process; and (3) follow-on construction management services. Total funding for civil works is currently programmed at \$237,450,000, and includes provisions for water and wastewater treatment works, water distribution and wastewater collection networks expansion and rehabilitation, pump stations, storage tanks and related facilities in four governorates. Construction is already underway in three cities near Aswan, Mansoura and Nuweiba. The Luxor program will be initiated shortly.

The Engineering Design/Construction Management (ED/CM) component embraces the following: (1) preparation of final design packages (including construction drawings and specifications and environmental assessment studies) for the capital construction projects programmed; (2) oversight of the tendering process; and (3) follow-on construction management services. Under the SCP, USAID is investing in water and wastewater infrastructure in the communities of Mansoura, Nuweiba, Luxor, Nasr City, Kom Ombo, and Daraw City.

Cairo Sewerage II

Number: 263-0173
Amount: \$771 Million
Initiated: FY 1984

Sustainable wastewater collection, treatment, and disposal facilities are being financed by USAID for the West Bank of Cairo in addition to institutional and operations and maintenance (O&M) technical assistance. USAID is also providing institutional support to the Cairo General Organization for Sanitary Drainage (CGOSD) in order to improve its operations, maintain its physical facilities, and become a financially viable, autonomous organization.

Background/progress:

The enormous pressures of a burgeoning population coupled with the lack of proper maintenance contributed to the deterioration of Cairo's wastewater system. Backed-up sewers and overflowing sewerage vaults were frequent occurrences in Cairo's poorer (and not so poor) neighborhoods as well as outbreaks of cholera attributed to sewerage contamination of the water supply. Beginning in 1979, British, U.S., and GOE financing was dedicated to upgrading and expanding Cairo's wastewater system. The USAID-financed program originally involved major projects on both sides of the Nile, but it is now mainly concentrated on the West Bank. Since the completion of the first phase in 1986, Cairo has not experienced a major sewerage-flooding incident due to system failure.

The Cairo Sewerage II (CS II) Project was designed to improve and ensure proper management of the wastewater collection and treatment systems on Cairo's West Bank. USAID provided technical and capital technical assistance to the Cairo General Organization for Sanitary Drainage (CGOSD) under four components described below. While most work has already been completed, final activities are in progress to install sewerage lines and remove high levels of groundwater in the Old Cairo area. This groundwater presents a health hazard and threatens religious monuments in the area. December 2001 is the scheduled completion date for the remaining work under the Cairo sewerage II project in the Old Cairo area.

Engineering, Technical Studies, Design and Supervision of Construction Services:

The CS II Project consisted of two types of construction contracts: Major Facilities; and Unsewered Areas (fixed amount reimbursable or "FAR" Program). In total there were 16 contracts issued for major facilities, and 62 contracts for the unsewered areas. The Major Facilities consisted of a collection system in the Embaba, Mohandesin and Dokki areas; a conveyance system to the Abu Rawash wastewater treatment plant (WWTP); a collection system in the Pyramids area; a conveyance system to the Abu Rawash WWTP; a collection system in Giza and a conveyance system to the Zenein treatment plant; the Abu Rawash WWTP; and, the rehabilitation of the Zenein WWTP. All of the major facilities were completed and handed over to the GOE by the end of FY 1996.

The Unsewered Areas Program, completed in 1998, funded sewer service and house connections in low-income West Bank neighborhoods. The 62 contracts totaling LE 338.7 million, funded construction of about 500 km of sewer lines, 25,000 manholes, 74,000 connection chambers, 568 km of service connections; and training of 290 local engineers in sewerage system design and construction inspection.

Operation and Maintenance Training and Support Program Completed: The main elements of this program, which was completed in 1996, included: establishment of a training center at the Zenein wastewater treatment plant; training on wastewater treatment operations; facility maintenance and operations; and preparation of a Worker's Safety Program, training materials and training of trainers.

Institutional Development Program Completed: The purpose of this program was to provide institutional support services to CGOSD in the areas of technical operation and maintenance, automation, training, financial and personnel administration, procurement, safety practices and procedures, performance management, and stores and inventory management. It was completed in 1998.

Amendment to Support Groundwater and Sewage Control in Old Cairo: In 1998, the CS II project was extended to support initiatives that would protect several ancient, culturally significant religious monuments. This included the construction of gravity sewer lines and house connections in poor areas of Old Cairo and the installation of perforated pipes (drain line network) to lower the groundwater table that threatens the structural integrity of the sites themselves. This effort is being carried out using LE 40 million from GOE funds to co-finance construction under an agreement with the Cairo Wastewater Organization, and will be completed by December 2001.

Alexandria Wastewater System Expansion II

Number: 263-0241
Amount: \$113 million
Initiated: FY 1997

In cooperation with the General Organization for Sanitary Drainage of Alexandria (AGOSD), USAID has financed the design, construction, and operation of a sewerage collection and primary treatment system for approximately 75% of the city. With the Alexandria II program, AGOSD will strengthen organization, financial control, and operation and maintenance systems in addition to expanding primary treatment capabilities in the area to meet projected demand until the year 2010. It will allow for the last discharge of raw sewage to the Mediterranean to stop.

Background/progress:

Since 1978, USAID has supported improvements in wastewater collection, pumping, treatment, and disposal in Alexandria, investing \$425 million through the Alexandria Wastewater System Expansion I project. USAID-financed infrastructure has eliminated sewage flooding from the streets and diverted most untreated sewage that formerly contaminated the Mediterranean Sea and its beaches. Waterborne disease and infant mortality rates have been significantly reduced as a result of this program and improved health services. With USAID assistance, the AGOSD has installed 211 kilometers of sewers, six major pumping stations, two state-of-the-art primary treatment plants east and west of the city, and a sludge dewatering and disposal facility.

Activities of the Alexandria Wastewater System Expansion II project include:

- Doubling the capacity of two treatment plants, upgrade the pumping stations, and improving the sludge disposal systems to accommodate projected population expansion. The expanded west treatment plant will also manage the flow of sewage from the new central zone tunnel, sealing off of the only remaining discharge of untreated wastewater into the Mediterranean Sea.
- A concerted institutional development effort is now underway to "corporatize" the utility structure and make AGOSD an independent, autonomous, financially self-sustaining, and functional as a modern utility organization.
- USAID has successfully encouraged other donors (French Cooperation, KfW, European Investment Bank) to participate in funding the infrastructure requirements of AGOSD.

Egypt Utilities Management (EUM)

Number: 263-0270
Amount: \$315 Million
Initiated: FY 1997

The Economic General Authorities for Water Supply and Sanitary Drainage in the governorates of Fayoum, Beni Suef, and Minya are working with USAID to provide adequate and sustainable water and wastewater services for their 7.5 million inhabitants. The program is expected to: 1) increase revenues to recover operation and maintenance costs, 2) provide greater autonomy in managing utility assets, and 3) significantly improve the capacity of the sector to deliver services to residents. The EUM program builds upon previous USAID support in Middle Egypt (under the Provincial Cities Development Project) for master plans, construction of water treatment plants, and installation of water meters. The EUM project also includes working with the Alexandria Water General Authority (AGWA) to promote improved water services to the city's 4.5 million residents.

Background/progress:

In September 1997, the Government of Egypt (GOE) and USAID signed the *Egypt Utilities Management* (EUM) Grant Agreement for a program to address legal/regulatory constraints to improved utility performance as well as to benefit four water and wastewater utility organizations and the nine million customers they serve. This agreement included funding for three components described below.

National-Level Sector Policy: Since 1998, USAID has been assisting the GOE to design proposals and build support for reform of the water and sanitation sector. The goal of sector reform is to increase autonomy and promote commercial management of local utilities, as well as to encourage private financing and management of services. The draft legislation, consisting of a draft Presidential Decree and a draft law on Private Sector Participation (PSP), was approved by the cabinet and Prime Minister, and is now pending review by the State Council. The reform should delegate authority for price and quality of service regulation to a new regulatory agency, strengthen the role of local utilities in managing operations and maintenance, and create a PSP coordinating unit to support local utilities in managing the identification, structuring, and award of private concessions. These proposals mark a shift in GOE policy, constituting an important step to devolve fiscal and managerial authority, strengthen accountability, and establish a policy and institutional framework for market-based financing of and private participation in water and sanitation services. Assistance will be provided to support the establishment of the new regulatory agency and PSP Unit, and support to the development of pilot private sector participation projects.

Middle Egypt Utilities: USAID is assisting the Economic General Authorities for Water Supply & Sanitary Drainage in Fayoum, Beni Suef and Minya to complete the transition from subsidized service providers to autonomous public enterprises capable of meeting customer needs. This program combines institutional development with master planning, large-scale construction program, and in March 2000, a Cooperative Agreement was awarded to UNICEF for a new village environmental assistance program. Capital investments are being concentrated on wastewater treatment facilities in Beni Suef and Fayoum, and a water treatment plant in Minya. The UNICEF initiative will test an

integrated approach involving community participation, construction of appropriate technology solutions, as well as hygiene education and environmental awareness campaigns in a number of village communities. The EUM program builds upon previous USAID support in Middle Egypt under the *Provincial Cities Development Project* that financed infrastructure in each provincial capital city.

Alexandria Water General Authority (AWGA): While USAID has invested over \$600 million in Alexandria to construct two new wastewater treatment plants and expand sewage collection networks throughout the city, this is the first USAID assistance program for the Alexandria utility responsible for water supply services. This program also combines institutional strengthening activities with master planning and construction. Investments are concentrated on network expansions rather than on treatment plants. An Urban Poor Demonstration Program will utilize an NGO to facilitate community participation to improve water services in a targeted informal settlement area.

MANAGING THE ENVIRONMENT AND NATURAL RESOURCES

AIR POLLUTION

Urban air pollution is a major environmental problem that jeopardizes Egypt's economic development and its citizens' health. In Cairo, urban air quality is seriously contaminated as a result of industrial emissions, vehicles, construction, and the open burning of garbage. Levels of suspended particulate and lead pollution in Cairo are among the highest in the world. Children reared in Cairo are particularly vulnerable to the higher-than-average lead pollution.

Past USAID industrial energy and environmental activities assisted in the reduction of industrial pollutants and promoted energy conservation and use of cleaner fuels. The original focus of USAID assistance was on the reduction of lead pollution, but has since been expanded to fully address pollution issues in Cairo. In addition, with the widespread introduction of unleaded gasoline by the GOE, lead levels in Cairo and elsewhere have dropped.

In 1997, USAID initiated a new Cairo air quality program, in cooperation with the GOE, to reduce lead emissions from local smelters, institute a vehicle emissions testing and certification program, and introduce natural gas-fueled buses to reduce diesel emission particulate pollution. USAID is also supporting Egyptian private sector efforts to convert gasoline vehicles to natural gas use and more than 35,000 vehicles are using the clean burning fuel.

Working closely with diverse Egyptian partners, USAID recently launched a multi-year environmental policy program that has begun to address constraints to improved environment management in Egypt. The Ministers of Environment, Petroleum, and Tourism are underway to developing sustainable environment policies and institutional reform.

Cairo Air Improvement Project (CAIP)

Number: 263-0250
Amount: \$60 million
Initiated: FY 1995

Among the world's largest cities, Cairo has had one of the worst air pollution problems of suspended particulates and lead. The Government of Egypt (GOE) made a significant commitment to address air pollution in its 1993 Environmental Action Plan and the promulgation of a new environmental law (Law 4 of 1994). USAID has joined forces with the Egyptian Environmental Affairs Agency (EEAA), the Ministry of Petroleum's Office of Energy Planning, the governorates of Cairo and Qalubeya, other donors, and the private sector, to develop solutions to institutional and technical constraints that hinder the improvement of air quality. Their main focus is the reduction of emissions that have proven to be the greatest health risks to Egyptians.

Background/progress:

Activities under CAIP are designed to have an impact on reducing vehicular emissions, total suspended particulates (TSP), and lead, but also intended to establish long-term efforts at reducing air pollution through demonstrations and pilot tests of alternative technologies, increased public awareness, and training. The following CAIP interventions are dealing with the crucial air pollution problems in Cairo:

- Improving fuel efficiency and reducing exhaust emissions of gasoline motor vehicles by instituting a vehicle emissions testing (VET), tune-up, and certification program;
- Promoting the conversion of diesel-fueled, public sector, municipal bus fleets to compressed natural gas (CNG) in order to reduce total suspended particulate emissions and improve overall effectiveness;
- Reducing the concentration of airborne lead in and near lead smelters and moving the pollutants away from residential areas;
- Instituting air quality monitoring of CAIP-funded interventions that complements the monitoring network being introduced by other donors;
- Initiating an effective public awareness and communications campaign.

The CAIP program places a heavy emphasis on training. Over the past two years, extensive short-term training through workshops and observation tours has been arranged for Egyptian partners to familiarize them with technical issues related to the above interventions in the areas of vehicle emission regulations and enforcement, compressed natural gas, and lead smelters. In addition, the EEAA, with assistance from USAID, developed and implemented a Lead Smelter Action Plan.

A USAID contractor works closely with partner agencies to implement the program. The following actions have already been achieved:

- The construction and procurement of equipment for the first VET station has been completed;
- 36 station air quality monitoring systems have been fully implemented;
- Five prototype buses were procured and are being used for training purposes while 50 CNG buses are ready to be placed into Cairo's municipal bus fleets;

- Private sector lead smelter relocation project (from residential to industrial zone) is well underway;
- Lead emissions inventory has been completed; and
- Public awareness campaigns have been carried out.

Egyptian Environmental Policy Program (EEPP)

Number: 263-0255/263-K640
Amount: \$170 million
Initiated: FY 1999

The EEPP is a collaborative effort, supported in the context of the Mubarak-Gore Partnership, between the Egyptian Environmental Affairs Agency (EEAA), the Tourism Development Authority (TDA) and the Organization for Energy Planning (OEP) and USAID. The multi-year program's objectives include promoting policies that encourage cleaner and more efficient use of energy, reduced industrial pollution, improved solid waste management and the protection of the Red Sea coral reefs and islands. Another central objective of the EEPP is to help foster opportunities for Egypt's private sector and non-governmental organizations to play a more active role in environment improvement.

Background/progress:

The program was initiated in 1999 and is helping the concerned GOE agencies address some of Egypt's significant environmental challenges. USAID is working on several fronts, both nationally and locally, to advance sound environmental priorities. Assistance has already resulted in:

- A draft national solid waste strategy;
- The privatization of solid waste management system in Alexandria;
- Initiation of actions to develop a national energy efficiency strategy;
- Increased use of environmental impact analysis in the development of tourism projects in the Red Sea;
- Environmental management system designed for 10th of Ramadan Industrial City;
- Environmental management system being implemented in selected Red Sea tourism properties leading to environmental improvements; and
- Environmental awareness campaigns in support of these efforts are under way.

NATURAL RESOURCE MANAGEMENT AND PRESERVATION OF CULTURAL HERITAGE

Serious environmental degradation constrains Egypt's sustainable development and jeopardizes the health and livelihood of its citizens. Protecting the environment is also vital to sustaining Egypt's tourism industry, the country's second highest foreign exchange earner. The Natural Resource Management and Preservation of Cultural Heritage program, which grew out of the U.S.-Egyptian Partnership for Economic Growth and Development, focuses on managing the Red Sea coral reef and coastal areas and the preservation of some of Egypt's most treasured antiquities.

Promotion of Environmentally Sustainable Tourism

(Funded under Technical Cooperation and Feasibility Studies)

Number: 263-0225
Amount: \$6.35 million
Initiated: FY 1996

Under the U.S.-Egyptian Partnership for Economic Growth and Development, USAID has been assisting the GOE introduce environmentally sustainable development policies and programs for the tourism industry. The rapid growth of tourism, one of the fastest growing sectors of the Egyptian economy, threatens Egypt's most famous and treasured sites. Uncontrolled development along the Red Sea Coast has resulted in coastal landfills, pollution from urban and industrial sources, conflicts over resource allocations, and the improper disposal of solid wastes. The careless anchoring of boats and other irresponsible behavior is also damaging the coral reefs. Egypt's antiquities are also suffering from rapid degradation due to pollution and inadequate maintenance.

Background/progress:

This activity was designed to foster sustainable growth in tourism while protecting the natural and cultural sites upon which tourism is based and to contribute to long-term economic growth and job creation in Egypt. Its approach encourages linkages among the public sector, private sector, and non-governmental organizations. Major activities under the project include: 1) the creation of a Marine Park Sanctuary along the Red Sea coast to protect coral reefs, 2) the development of the tourist potential of St. Paul's and St. Anthony's Monasteries in the desert west of Hurghada, 3) the restoration of the Islamic Fort of Quseir, 4) the development of a suitable plan for the tourist presentation of the Tomb of Seti I in the Valley of the Kings, and 5) the development of an Environmentally Sustainable Tourism Strategy for the Red Sea Coast.

Accomplishments of this activity include:

- A new Marine Park Sanctuary established to protect the islands and coral reefs off the Red Sea coast. Park rangers have been hired and trained, mooring buoys have been installed to protect the reefs, and rangers have begun to enforce new environmental laws.
- Wall painting conservation and museum development carried out at St. Anthony's Monastery and studies conducted to improve the sanitary drainage system at St. Paul's Monastery.

Antiquities Development Project (ADP)

(Funded under Technical Cooperation and Feasibility Studies)

Number: 263-0225
Amount: \$2.6 million
Initiated: FY 1996

Under the U.S.-Egyptian Partnership for Economic Growth and Development, USAID is working with the Egyptian governorates, the Egyptian Environmental Affairs Agency (EEAA), and the Supreme Council of Antiquities (SCA) to promote the environmental sustainability of tourism through the preservation of Egypt's cultural heritage. Site development in the Red Sea area is intended to strengthen the region's cultural tourism to complement the rapid growth of hotels along the coast. In Luxor, ADP will create a prototype for proper analyses to prepare Pharaonic tombs for tourist presentation. ADP is also funding the American Research Center in Egypt (ARCE), work in the Tomb of Seti I in Luxor, the Islamic fort at Quseir, and the monasteries of St. Anthony and St. Paul near the Red Sea.

ADP is designed to introduce technologies intended to enhance the cultural attractions that draw visitors and protect the sites themselves from degradation due to tourism. All of ADP's activities involve the communities surrounding the tourist sites.

Background/progress:

The Tomb of Seti I: This site in Luxor is the largest decorated tomb in the Valley of the Kings. ARCE and the SCA undertook a comprehensive study of the structural, conservation, and tourist presentation aspects of the tomb. As a result of this study, recommendations were made for the tomb's preservation.

Quseir Fort: ARCE and the SCA documented and consolidated this fort, built by Sultan Selim on the crest above Quseir to protect the town's port. Conservation activities included the creation of visitors' center to introduce the cultural history of the Red Sea region to tourists.

Monasteries of St. Anthony and St. Paul: These ancient monasteries near the Red Sea north of Hurghada, contain exquisite Coptic wall paintings from the 13th century. Work includes cleaning and conservation work on the paintings and the creation of display areas for cultural artifacts.

Preservation and Restoration of Egyptian Antiquities/Egyptian Antiquity Fund

(Funded under Technical Cooperation and Feasibility Studies)

Number: 263-0225
Amount: LE 50.4 million (\$15 million)
Initiated: FY 1994

This activity assists the GOE in protecting its vast cultural heritage through the restoration and conservation of numerous antiquities threatened by ground water and a lack of sufficient technical and financial resources. The American Research Center in Egypt (ARCE), in close coordination with the Egyptian Supreme Council for Antiquities (SCA), is administering the program using Egyptian currency generated under USAID policy reform and commodity programs. The program has assisted SCA to strengthen its technical and management capabilities.

Background/progress:

Various US and Egyptian specialized institutions including the Chicago House, Friends of the Fulbright Commission, American University in Cairo, California Academy of Sciences, and University of Pennsylvania, have received sub-grants for the restoration, documentation, and institutional development of Egypt's antiquities. Their work comprises the Neolithic, Pharaonic, Greco-Roman, Coptic, and Islamic periods. To date, 40 sub-grants have been allocated. Work is currently under way at most sites and seven have already been completed. It is estimated that all activities will be completed by 2005. Examples of some of the conservation activities of this project include:

- Bab Zuweila: Conservation activity for this ancient gate is well underway;
- Zawiya Ibn Barquq Mosque: Photographic, architectural, and historical documentation is complete and conservation work is underway;
- Marine Conservation Laboratory: The Alexandria laboratory supports marine archaeology and conservation of artifacts retrieved from sunken ships or buried in ground water. The upgrading of laboratory buildings is now complete;
- Coptic area of Cairo: Site presentation plan and analysis of groundwater are completed and archeological monitoring program is underway;
- Bayt ar Razzaz: An existing condition report has been completed. Photographic documentation and conservation work is underway;
- Luxor Temple: A small laboratory and storage area was built to treat fragments of the temple that are waterlogged. Conservation of these fragments is underway;
- Luxor Valley of the Kings: A feasibility study for flood control was completed; and
- Salah Tala'l: Conservation work for the Fatimid minbar is completed and major outreach events with the Minister of Culture took place.

In addition to conservation sub-grants, ARCE has provided SCA with technical training in critical areas such as excavation, documentation, conservation, and museum management. Completed technical activities include:

- 34 SCA inspectors have been trained in architectural excavation techniques at the ARCE Field School; and
- 16 SCA employees completed a six-week training course in museum management in the United States.

SUPPORTING HEALTHIER, PLANNED FAMILIES

After a quarter-century of USAID investment in the Egyptian Family Planning program, Egypt and the USA can rightly point to a pervasive and impressive record of accomplishments. For example, the percent of married women using a contraceptive reached 56% in 2000 -- almost double the 1980 rate. The total fertility rate (the average number of live births per woman during her lifetime) fell from 5.3 in 1980 to 3.5 in 2000. The health of infants, women and children has also greatly improved over this period. USAID continues to work towards Egypt's long-term objective of achieving a stable population, and more specifically, a contraceptive prevalence rate of around 74% by 2016.

During the late 1970s and early 1980s, USAID assistance to Egypt's health sector resulted in expanded access to health services among the rural and urban poor. Substantial investments were made in training health personnel, upgrading the physical infrastructure of health facilities, and improving the service delivery system. Since 1983, the program has emphasized strategies and interventions that reduce infant and child illness and mortality.

The Egyptian Child Survival program has been a remarkable success. The infant mortality rate was reduced 45% between 1983 and 1998, and the under-five mortality rate declined 53% during the same period. However, infant and under-five child mortality rates remain unacceptably high at 44 and 69 per 1,000 live births, respectively (in 2000 FDHS). Maternal mortality has declined to 174 deaths per 100,000 live births nationwide; however, regional disparities are striking. In Assiut, an Upper Egyptian governorate, the maternal mortality ratio is 544. The Healthy Mother Healthy Child project supported by USAID and the GOE targets Upper Egypt and is reducing regional differences in health status.

USAID, in partnership with the GOE, non-governmental organizations, and the private sector, is working to cut mortality rates further, expand targeted maternal/child health services, and improve their sustainability. This is being accomplished through a variety of mechanisms including policy reforms, the promotion of quality assurance, human resource and systems development, decentralization, better resource allocation, and increased participation by the private sector and the community.

In response to global (and Egyptian) concern over a resurgence in endemic and emerging diseases, USAID invests in programs to improve surveillance and capacity of response to the challenge of infectious diseases. For example, application of results from previous research in schistosomiasis has reduced the prevalence rate for this disease to the lowest levels in Egypt this century. Today, work is proceeding on the development of a schistosomiasis vaccine. USAID is also investing in applied research to determine how to reduce the spread of the Hepatitis C virus, which causes severe liver damage, liver cancer, and increased risk of maternal mortality. In addition, HIV/AIDS needs to be rigorously monitored as the HIV/AIDS threat makes its way across boundaries and the public alerted to means of prevention.

Population/Family Planning IV

Number: 263-0267
Amount: \$90 million
Initiated: FY 1997 – FY 2001 (Phase I)

USAID's population program assists the GOE, private doctors, and NGOs in providing accessible, affordable, and high-quality family planning services to Egyptian families. The role of the public sector in the national family planning program is to provide services to those families least able to pay for medical services. The commercial private sector is receiving aid in order to offer high-standard, financially sustainable services to the majority of women who can afford to pay for such services. Current activities support the three GOE entities indicated below in:

- Ministry of Health and Population (MOHP): upgrading the skills of medical staff, improving counseling and quality of care for clients, and strengthening management systems;
- National Population Council (NPC): strategic planning, population research, statistics, policy studies, evaluation, and the Demographic and Health Survey (DHS) for program monitoring and evaluation;
- Ministry of Information: a nationwide television promotion of family planning, radio spots, and local community informational activities through the State Information Service.

The program also supports the Regional Center for Training at Ain Shams University, the NGO "Clinical Services Improvement" (CSI), a private sector initiative that promotes family planning services, and an initiative that will introduce complete family planning and reproductive health training into the curricula of national medical schools.

Background/progress:

Since 1978, USAID has assisted the GOE in establishing an institutional framework for family planning, training Egyptian health personnel in family planning, promoting and distributing contraceptive methods, and providing the required research base (both operations and applied biomedical) to make quality services available and accessible. As a result of USAID's long-term support to Egypt's family planning program, contraceptive use has risen dramatically, fertility has fallen, and unmet need for family planning services has been reduced.

Specific accomplishments under the Population and Family Planning program include:

- Total fertility rate (the average number of children per woman) has been reduced from 5.3 in 1980 to 3.5 in 2000
- Contraceptive prevalence rate increased from 24% in 1980 to 56% in 2000

Although family planning activities have attained substantial success, challenges remain in a variety of different areas:

- Quality services must be made available to reach women who are not currently using contraception but want to;
- service quality and user knowledge must be improved to increase contraceptive effectiveness and increase consumer satisfaction with their method;
- improved information must also be made available to policy makers concerning the important demographic and health dimensions related to population and family planning programming;
- services must be tailored to meet the specific requirements of important subgroups, including young women, women with few or no children, and women living in rural Upper Egypt; and
- the long-term sustainability of services must be assured by developing local revenue sources and by permanently strengthening Egyptian provider organizations.

Health Policy Support

Number: 263-0254/K638
Amount: \$80 million (\$60 million cash transfer; \$20 million technical support)
Initiated: FY 1996 – FY 2001

USAID's commitment to support development of the health sector is demonstrated under this activity aimed at enhancing the capacity of the Ministry of Health & Population to plan, manage, finance and monitor health services.

Background/progress:

Egypt has made impressive strides over the past two decades in assuring universal access to health care and reducing infant and child mortality. However, further efforts are required to sustain the gains made in maternal and child health and to strengthen health service delivery, particularly for high-risk groups. A greater effort is also necessary to promote health awareness and to improve health behavior at the household level.

Cash transfers will be disbursed for the implementation of reforms in the following critical areas:

- Providing and financing curative care, preventive medicine, and primary health care in the public and private sectors;
- Personnel policy;
- Health sector regulation and accreditation;
- National health strategic planning, policy analysis, and management; and
- Expansion of social insurance coverage through adequate administrative and financing mechanisms.

Technical support for the development and implementation of reforms to assure the sustainability of progress and the improvement of the health sector's efficiency and equity include:

- Support for a data-based policy process;
- Technical assistance to monitor and verify policy achievements; and,
- Task forces to assist health policy reform.

Institutional development and policy reform accomplishments include:

- Development and approval of a new district-based Primary Health Care strategy;
- Approval of a five-year Plan for health reform;
- Implementation of a pilot project to test the feasibility of a new integrated package of family health services;
- Development of a new planning methodology to determine whether and where additional hospital construction is needed; and,
- MOHP FY 1996/97 expenditures for primary and preventive health care increased by 22 percent above FY 1995/96.

Healthy Egyptian 2010 Initiative

Healthy Egyptians 2010 is a national health plan which uses health promotion and disease prevention objectives and strategies designed to improve the health of Egyptian people. Healthy Egyptian 2010 builds upon the World Health Organization strategy “Health For All”, as well as experiences of the US Dept. of Health and Human Services, “Health People 2000 and Healthy People 2010 Initiatives.”

Priority areas include the following: Smoking Cessation; Injuries; Environmental Health; and Maternal & Child Health.

Partners in this activity include the Ministry of Health and Population, the Ministry of Economy and International Cooperation, the Ministry of Planning, the Ministry of Finance, the Health Insurance Organization, the Curative Care Organization, private sector providers, non-governmental organizations, and university medical schools.

Background/progress:

- A law requiring mandatory seatbelt use was passed in 2000 and takes effect in 2001;
- A law requiring mandatory use of helmets on motorcycles was passed in 2000 and comes into force in 2001; and
- The Ministry of Health launched a national anti-tobacco use campaign in June, 2000, and educational messages have appeared on national television and in radio broadcasts.

Combating Endemic and Emerging Diseases (CEED)

Number: 263-0265
Amount: (\$18.5 Million)
Initiated: FY 1996 – FY 01

Emerging infectious diseases have become a global issue of increasing priority for the Egyptian Ministry of Health and Population (MOHP). USAID/Egypt in collaboration with the Naval Medical Research Unit No. 3 (NAMRU-3), the U.S. Centers for Disease Control and Prevention (CDC), and the World Health Organization (WHO) is assisting the MOHP through the Combating Endemic and Emerging Diseases (CEED) activity. CEED, a \$18.5 million dollar project, was authorized on Sept. 30, 1996.

CEED has activities in the following areas: Schistosomiasis Vaccine Development Project; Hepatitis C; Sexually Transmitted Disease/Blood Safety; and Disease Surveillance/Capacity Building.

Background/progress:

Schistosomiasis is the leading parasitic disease in Egypt. CEED builds on the Schistosomiasis Research Project, which has researched new tools and approaches to help Egypt's National Schistosomiasis Control Program to dramatically reduce the prevalence of schistosomiasis. The development of a vaccine, if feasible, would be a great asset in keeping this disease from infecting millions of people.

Furthering the research capacity developed under the Schistosomiasis Vaccine Development Project (SVDP) formerly Schistosomiasis Research Project, CEED will provide support for the early development of prototype vaccine candidates that may prevent schistosomiasis.

SVDP capacity-building achievements include: 1) establishment of a clinical Vaccine Testing and Evaluation Unit (VTEU) and a pilot vaccine production unit at Egypt's Reference Diagnostic Center; 2) training of Egyptian scientists on parasite diagnostic techniques, VTEU regulations and computer software skills; and, 3) development and implementation of Standard Operation Procedures (SOPs) in all participating laboratories.

Egypt also faces a new emerging disease, the Hepatitis C Virus (HCV). Identifying the major modes of transmission of HCV is critical, both to interrupt the transmission of Hepatitis C and also to prevent the potential transmission of other blood-borne diseases such as HIV/AIDS. Egypt has a unique opportunity to prevent an HIV/AIDS epidemic from occurring and avoid the death and suffering which have afflicted so many other countries.

Tuberculosis is another re-emerging threat to the public. USAID will sponsor investigations and strategic planning aimed at strengthening ongoing Tuberculosis control efforts as well as new initiatives.

The main activities of CEED include:

- Support for applied research, information, and human capacity development needed to prevent an epidemic of HIV/AIDS from emerging in Egypt;
- Strengthen infectious disease surveillance and control program. This will be accomplished by upgrading hospitals and training staff in infectious diseases surveillance and reporting;
- Support to the MOHP Epidemiology and Surveillance Program; and
- Support to ongoing Hepatitis C virus research grant to identify modes of transmission as well as potential preventive measures for this disease. The first step, establishing Hepatitis C baseline data, is nearly complete.

Collaboration with NAMRU, CDC and WHO to strengthen national disease surveillance and infectious disease reporting progressed and notable accomplishments were achieved:

- An external review of the communicable disease program was completed and diseases prioritized;
- Guidelines for disease reporting were developed;
- A long-term plan to strengthen disease surveillance was completed;
- Central Public Health Laboratory disease hospital capacity was upgraded; and,
- Surveillance of viral infections in hospitals in 12 governorates was strengthened.

Healthy Mother/Healthy Child (HM/HC)

Number: 263-0242
Amount: \$68.5 million
Initiated: FY 1995 - 2001

USAID's partnership with the Ministry of Health and Population (MOHP) is aimed at improving maternal and child health. In recent years, the program has focused more on neonatal and maternal health services including basic obstetric care. The HM/HC project includes activities nationwide, however, emphasis is placed on the high-risk governorates of Upper Egypt (Fayoum, Beni Suef, Minya, Assiut, Sohag, Qena, Luxor, and Aswan). The goal of this program is to improve maternal and child health through increasing the quality, effectiveness, and use of services in public and private health facilities and households.

Background/progress:

Assistance to the health sector over the past ten years has led to several highly successful, nationwide child survival interventions, including the Expanded Program for Immunization (EPI), Acute Respiratory Infections (ARI), Control of Diarrheal Diseases (CDD), traditional midwife (daya) training, and the national neonatal care program. These programs have contributed to the noted decline in infant and child mortality. Also the coverage rates for fully vaccinated children has increased from 54% in 1988 to 92% in 2000; confirmed polio cases fell from 35 cases in 1998 to 9 cases in 1999.

Despite substantive gains, important health problems persist, especially in rural Upper Egypt and in urban slums. This project will strengthen these interventions and encourage more integration at the planning and implementation levels.

Mothers, as the primary providers of health care for themselves and their families, are the focus of efforts to increase knowledge and improve health behavior in households. Strengthening the curricula in medical and nursing schools as well as practical pre-service training are also important interventions under this program.

The project was able to accomplish the following:

- Clinical protocols and service standards for Essential Obstetric Care and the National Perinatal Care Program were completed and approved by the MOHP for implementation nationwide.
- Those protocols and standards are being introduced into some medical and nursing schools to train future house officers and Residents.
- District plans developed for the 15 districts of Aswan and Luxor, Qena, Fayoum and Beni Suef governorates. Governorates and district committees meet regularly to discuss those plan. Also, community committees are established in those districts.
- In 15 districts, 50 district hospitals and health centers were renovated and equipped. 2,000 physicians and nurses trained to provide quality maternal health services and emergency obstetric care target.

- The National Breastfeeding Training Center was established, breastfeeding training were developed for health providers and NGOs. Five hundred service providers were trained in five Upper Egypt governorates. Thirteen modules on lactation management education being integrated into post-graduate medical institution curricula. Ten grants to NGOs and CDAs were executed in those governorates.
- The new comprehensive program titled “Integrated Management of Childhood Illness” was adapted for the Egyptian situation using the generic WHO materials. Physician case management manuals were finalized and a translated version prepared for the nurses. Pilot testing in three districts was completed and plans for a gradual expansion has been discussed.
- UNICEF, under a USAID grant, expands their health sector programs in the Minya, Assiut, and Sohag governorates to implement a Safe Motherhood program. This program covers emergency and essential obstetric services at health facilities.

SUPPORTING EGYPTIAN INITIATIVES IN GOVERNANCE AND PARTICIPATION

Central to the development of an environment that encourages private sector job creation and a more sustainable resource base is the promotion of transparent and accountable governance. In this context, citizen participation and the responsiveness of institutions constitute the backbone of transparent and accountable governance, and guide USAID efforts in this area.

USAID assistance has been tailored to be responsive to and synchronize with Egyptian efforts in this area, and to support the Mission's achievement of its other objectives. It depends on achieving a limited number of results that are supported by Egyptians, and that appear achievable. As that process unfolds, USAID's program can be revised to meet changing conditions.

In Egypt today, there are two main forces pressing for reform: private sector actors empowered by economic reforms (who are most interested in improved governance of the economy) and NGOs and other elements of the civil society (who are calling for improved and more responsive services). During the 1990s, the GOE became increasingly responsive to the private sector, resulting in numerous improvements to economic governance. Recently, the GOE has begun to raise the profile of social development; particularly increased participation for improved services and poverty reduction.

In this regard, USAID focuses on supporting a stronger role for civil society; introducing the application of participatory models of service delivery; supporting improvements in the administration of justice, and finally supporting the information and research capability of the legislature.

Administration of Justice Support (AOJS)

Number: 263-0243
Amount: \$3 million (\$17.3 million planned)
Initiated: FY 1996

The five-year AOJS project assists the Ministry of Justice in developing automated information services and training judges in new civil and commercial trends.

Background/progress:

Shortening Egypt's lengthy judicial process will facilitate foreign and public investment in the private sector and advance its growth. Enhancing the quality of judicial decision-making through supporting a more efficient and responsive judiciary will also strengthen public confidence in the rule of law, thereby advancing the growth of democracy.

Activities under the AOJS include the automation of two pilot civil courts, training programs for court personnel, the identification of procedural reforms, and training judicial personnel in the use of automated legal databases.

Support for the National Center for Judicial Studies (NCJS) includes curriculum development, judicial exchanges, strengthening the administration of training programs, and training for career-long judicial education, clinical court, and legal English.

To date, leadership training programs for judges and trainers were delivered. Five study tours in the United States for judges and the faculty of the NCJS were organized. In addition, commercial law training programs have been provided to 3,000 judges. Assistance has resulted in a 41 percent reduction in case processing time in the two pilot courts.

Decision Support Services (DSS)

Number: 263-0231
Amount: \$12 million
Initiated: FY 1996

USAID is supporting the People's Assembly and the Shura Council to develop and improve existing parliamentary information services and expanding the demand for and use of these services.

Background/Progress:

Legislatures play a crucial role in the development of democracy by representing public opinion in decision-making. The provision of relevant and reliable information services and the expanded use of information based on solid research enhances the quality and impact of the legislative, advisory, and oversight functions of the legislature.

DSS training programs and seminars for information services staff (researchers and librarians) include areas such as computer and data management skills, policy analysis, the utilization of government and other information resources, and library skills. Observational study tours are also provided to expose staff to model services.

Activities completed under the DSS program include:

- Targeted staff received nearly 300 training programs, over 3,600 slots in-country training opportunities in areas such as economics, political science, law, research methodology, public policy formulation, budgeting and financial analysis, data gathering, use of library and information services, and organizational behavior;
- Twenty-three information center staff members have received technical assistance and training during three overseas study tours;
- Three participants from the People's Assembly and Shura Council have completed a post-graduate studies program in Public Administration in the United States;
- Members of Parliament participated in an observational study tour of the U.S. Congress and benefited from in-house computer training; and
- Tailored training, technical assistance, and commodities have been provided in order to upgrade the Library and Computer Center, enhancing its effectiveness as a main source of information.

Community Resource Mobilization (CRM)

(Funded under Technical Cooperation and Feasibility Studies)

(Completed in 1999)

Number: 263-0225
Amount: \$8.4 million
Initiated: FY 1994

With USAID support, the Cooperative for Assistance Relief Everywhere (CARE), a private U.S. voluntary organization is assisting local community groups in developing effective development organizations and encouraging the growth of small and micro enterprises.

Background/progress:

Local community development has been an important component of USAID's promotion of democracy in Egypt. The Community Resource Mobilization (CRM) program, located in Upper Egypt, builds upon the earlier \$3.9 million Community Initiated Development (CID) project carried out by CARE. This project assisted approximately 120 Egyptian non-governmental organizations (ENGOS) in Aswan, Qena, Sohag, and Fayoum governorates in acquiring the skills needed to plan and manage community development activities. One of the major successes of CID was the establishment of self-sustaining, revolving loan funds to provide credit to low-income members of the community. Through this program, approximately \$2.8 million was disbursed to approximately 19,000 borrowers, over 38% of who were women.

Under CRM, CARE is working with 150 selected ENGOS to participate in capacity-building activities. CARE assists these ENGOS to identify problems in their communities, determine the causes of problems, and develop appropriate solutions. CARE also assists in designing of activities that serve the communities' most pressing needs, assess the impact of these activities, and identify and mobilize resources.

Activities completed under the CRM program include:

- 276 community-based development projects were initiated, designed, and implemented by the ENGOS;
- 342 community development training workshops for local NGOs have been conducted;
- ENGOS identified and mobilized resources generating LE 9,292,646 from various sources for project activities;
- Four partner organizations were established in Qena, Sohag, Fayoum, and Aswan supporting small business and entrepreneurial activities;
- 3,629 loans were disbursed to entrepreneurs in the amount of \$1,640,251.

NGO Service Center

Number: 263-0268
Amount: \$32.5 million
Initiated: FY 1998

In recent years, in Egypt, as well as in many other countries, there has been a growing realization that sustaining economic and social gains depends on the effective role civil society can and should play in partnership with the government in national development. At the same time, it has been increasingly apparent that the Egyptian civil society is ripe for taking on this fuller role. Participatory development is defined as a process by which citizens take an active and influential role in shaping decisions that affect their lives. Recognizing the merit of "participatory development" and the potential broadened role civil society organizations (CSOs) can play in the development of Egypt, USAID developed the NGO Service Center to promote and encourage participatory development.

Background/progress:

The five-year NGO Service Center activity supports development of the service delivery and civic action capabilities of individual Egyptian NGOs, strengthening the "infrastructure" of civil society at large, and leaving behind a sustainable facility capable of providing NGOs with a range of services including training, technical assistance, and operational support. In addition, the activity provides an umbrella mechanism through which other USAID units (e.g. Health and Population, Environment, Micro-Enterprise) will be able to implement elements of their respective programs that entail working with Egyptian NGOs and U.S. PVOs.

The Center provides four forms of support to eligible NGOs – technical assistance and training, grant assistance, networking and information exchange services, and operational support.

The NGO Service Center has recently been established in Cairo with two field offices in Tanta and Assiut. The Center and its field offices have just completed their initial outreach programs to familiarize the community and the relevant government agencies with the Center and its mandate. The first round of grants is in process and is expected to be completed November 2000. The Center has also provided training opportunities for 18 NGO representatives to attend conferences and training activities in the United States.

Collaboration for Community Level Services (CCLS)

Number: 263-00278
Amount: \$5.23 million
Initiated: FY 2000

To assist Egyptians design and test methods of improving the management of essential community provisions through enhancing community participation and public private partnership in a selected number of pilot communities.

Background/Progress:

This activity involves developing and applying innovative models of service delivery, initially in selected “new communities.” These sites are targeted because they account for a significant proportion of Egypt’s new population growth and industrial production, and because they are viewed by the GOE as arenas for experimentation with new methods of participation in policy making for service delivery. The innovative models will be applied in cooperation with the relevant ministries. They are being developed in consultation with an informal group of knowledgeable Egyptians and are based on USAID’s “partnering for results” approach, which brings together stakeholders from government, business, and civil society to collaborate in developing new ways of financing, regulating, delivering, and monitoring community level services.

These activities will facilitate relationships between those stakeholders, assist in the process of formalizing those relationships, and provide appropriate technical assistance and training to help strengthen local entities responsible for oversight and service delivery.

This activity’s approach is experimental and will remain in an exploratory phase for two years. At that time, the Mission will assess performance and determine whether the approach and/or the activity require revision.

Private Voluntary Organizations (PVO) Development

(Completed January 30, 2000)

Number: 263-0220

Amount: \$27.5 Million

Initiated: FY 1991

Recognizing the pivotal role PVO-led community self-help activities can play in improving the quality of life for many poor and disadvantaged groups, USAID is supporting Egyptian PVOs efforts to be effective and efficient in playing this role. USAID assistance aims at strengthening PVO institutional and management capacities, and to improve delivery of community self-help activities, through provision of training, technical assistance and grants for developmental activities.

Background/progress:

This project operates under an Umbrella Management Institution (UMI), the National Council of Negro Women (NCNW). This approach attempted to develop and test a model to reduce constraints on PVOs, which hinder ready access to financial resources and technical assistance. The project's two principal areas of emphasis were: 1) the provision of activity grants for U.S. and Egyptian PVOs to implement their own development initiatives, and 2) support for internal capacity development of Egyptian PVOs in order to strengthen their planning and management capabilities and to increase their ability to articulate and carry out development activities more effectively.

Over the life of the activity, NCNW awarded 92 grants totaling \$20 million to 14 U.S. PVOs and 40 Egyptian PVOs services provided under these grants have benefited over two million Egyptians, 56% of which were women. Examples of grants awarded include:

Increasing family income by providing 732 loans to poor women in Damanhour for income generating activities which resulted in an increase in family income by 22.2% and increase in their savings by 33% (\$48,700). (Women Health Improvement in Damanhour)

Decreasing girls drop-out rate from school in Beni Suef by establishing a system to support 800 poor female students from local resources and providing loans to 45 poor families to establish income generating activities to overcome their financial problems which lead to depriving their children (girls) from going to school (\$47,597). (Association for the Advancement of Education)

Protecting the environment by using biogas units in hygienic treatment of waste which resulted in improving the health conditions/status of beneficiaries, increasing land fertility, providing renewable and new sources of energy for electricity, cooking, and heating, and decreasing the use of insecticides as a result of eradicating insect breeding areas (\$46,715). (Basaissa Community Development Association)

In addition, 71 training events were conducted to more than two thousand Egyptian CSO representatives, 25% of which are women.

A final impact evaluation of the activity was conducted in December 1999. The evaluation concluded that the Project has clearly contributed to the goal of improving the quality of life of the poor and disadvantaged. Almost all of the activities reviewed in this

evaluation showed improvements in the lives of the poor, including education, income, health, environment, among others. Furthermore, it was concluded that the Project has fully met its purpose of strengthening an important segment of the EPVO community, both to deliver development activities and to actively promote the well being of its constituents.

IMPROVING BASIC EDUCATION TO MEET MARKET DEMAND

USAID has supported Egypt's education and training needs since 1975. Since then, over 1,900 schools have been constructed throughout Egypt, particularly in rural areas, in order to increase school enrollment. More than 13,000 Egyptian professionals have been trained in some of the best U.S. academic and technical institutions in a wide variety of areas including agriculture, health, economics, and management. In addition, nearly 470 joint research activities have taken place between U.S. and Egyptian universities.

Despite these achievements, Egypt's education and illiteracy problems persist. Girls and women in particular lack equal access to education. While the past five years have witnessed a continued increase in girls' enrollments in rural areas of Upper Egypt, only 69.8% of girls in this area are enrolled in primary school. Therefore, USAID concentrates its support for girls' education in the under-served areas. With one of the highest literacy gender gaps in the world and unacceptably low literacy rates for both males and females, heightened efforts are essential to achieve universal primary education and to build a population with the ability to compete in the global economy. USAID's recent focus has been to meet these challenges through community schools, a schools construction program, and literacy classes, all of which are strongly encouraged by the GOE. In early 2000 USAID launched a major new initiative - the New Schools Program - which builds on the success and lessons learned of earlier pilot programs. This program will construct more than 818 classrooms, build strong teacher capacity and introduce learner-centered teaching methodologies, and provide access to school in Upper Egypt for more than 28,800 girls annually.

USAID also supports a research program that promotes university-to-university collaboration on key development issues. Further, USAID provides substantial support for an English Language training program that works closely with Egyptian partners to build on existing systems, integrates pre- and in-service teacher training, and make extensive use of Egyptian education experts and resources to build sustainable capacity.

An August 2000 meeting of the Gore-Mubarak Partnership Education Subcommittee resulted in an agreement for U.S. assistance to Egypt's education reform agenda. Over the course of the FY2001 this program will be defined and implementation will begin.

Girls' Scholarship Program

(Funded under the Girls' Education Bilateral Agreement)

Number: 263-0259
Amount: \$2.632 Million
Initiated: FY 1996

USAID's Girls' Scholarship Program is a grant program carried out by Save The Children, a U.S. private voluntary organization, that gives scholarships to female primary students who would otherwise not go to school or be forced to drop out. This program is part of a larger effort by USAID and the GOE to increase the participation of females in quality basic education.

Background/progress:

The aims of this pilot scholarship program are twofold: (1) to demonstrate the significance of economic constraints on girls' enrollment in primary school in the neediest areas of Egypt, Qena, Sohag, Minya, and the Giza Governorates, and (2) to make recommendations on how these constraints might be overcome.

Girls do not have equal access to education for a myriad of reasons, the most important of which appear to be economic and cultural. Cultural constraints include parents' reluctance to allow girls to travel more than two kilometers to attend school, especially if teachers are male, and a lack of awareness of the importance of education for girls even if they do not seek employment outside the home. Financial constraints include both the direct costs of school (fees, books, supplies, clothing, etc.) and the indirect costs of the lost labor. Poor families with numerous children often choose to send their boys to school because the investment in a boy's future labor potential is perceived to have higher returns.

This grant has been providing more than 4,000 annual scholarships (95% of them are girls and to date more than 19,000 scholarships have been awarded) to allow them complete five years of primary education. These children have either never enrolled or dropped out of school and would not otherwise go to school, the program has demonstrated that the removal of economic constraints to female enrollment can yield high returns. Under this project, pupils' regular attendance rates are 96% and the drop out rate is 1%. Two thirds of the pupils have scored 80% and above in testing each year. A recent monitoring study indicates that the project has been able to build a supportive attitude and commitment among the community members and NGOs towards girls' education.

Save the Children is implementing the activity in collaboration with four Egyptian non-governmental organizations and training their staffs in implementation and data collection. The findings of the research will be provided to the GOE for policy development.

Partnership Project for Girls and Young Women

(Funded under Girls' Education Bilateral Agreement)

Number: 263-0259
Amount: \$3.5 Million
Initiated: FY 1994 with follow-on award in FY 1999

USAID, in collaboration with private voluntary organizations and local leaders, is supporting the development of model programs in education, health, and development for girls and young women in order to promote gender equity and encourage community participation in the planning, implementation, and evaluation of community-based programs.

Background/progress:

This project finances the work of the Center for Development and Population Activities (CEDPA), a U.S. private voluntary organization. To date, much of the work has been focused in Minya, Beni Suef, and Fayoum but support for a new follow-on grant now extends this work to other governorates and includes the development of a component for boys and young men. Program materials that include more than 100 teaching units covering issues such as adolescence, marriage, reproductive health, child development, first aid, violence against women, environment, income savings, and generation. Implementation sites are selected because of their low female literacy rates and early childbearing norms and because of the potential non-governmental organization (NGO) partners that exist in each area. The three primary focus Governorates reached during the initial program development have active and committed Governors' Councils of Women that have served as bases for advocacy activities. Goals are to:

- Mobilize leadership at the national, governorate, and community level to close the gender gap in education and health (2,052 community leaders have been trained, 291 youth leaders trained and 7 annual conferences have been conducted under the first grant);
- Improve life skills, self-confidence and social competence in girls and young women and specifically improve health and reproductive health of girls, young women, and young couples (169 religious leaders have been trained and 5,785 young women have been counseled in health education under the first grant);
- Strengthen the capacity of institutions to plan and implement sustainable programs (24 technical workshops have been conducted, 810 technical consultant visits have been completed, and 3 strategic plans have been completed for implementation; and
- Build capacity and improve life skills, self confidence and social competence in disadvantaged girls and young women from rural communities (Under the first grant, 160 classes have been established, 8,366 girls have participated in the "Choose a Future" classes, 4,241 girls have participated in literacy classes, 248 boys have participated in literacy classes, and 2,348 girls have participated in "Skills Training" classes).
- Reduce the gender gap in girls' education (15,036 children - at least 80% of the girls - received educational support and training to build their skills and more than 4,800 scholarships have been granted under the first grant to allow girls in order to attend primary school).

New Schools Program

(Funded under the Girls' Education Bilateral Agreement)

Number: 263-0259
Amount: \$27 Million
Initiated: FY 1999

The New Schools Program (NSP) incorporates successful lessons learned through earlier USAID pilot programs in girl's education and serves as a central focus of the overall USAID basic education program. Launched in early 2000, this \$27 million program targets girls ages 6 to 14 that have never enrolled or have dropped out of school. At least 28,800 girls each year will benefit in areas where girls' enrollment is particularly low. Boys will be included, but classroom ratios will highly favor girls (1 boy to 5 girls). More than one million learners are expected to benefit over the expected 40-year life span of the schools. CARE, the primary implementor, is working in close collaboration with local Egyptian NGOs and community development associations to implement the program. The geographic program areas include Minya, Beni Suef and Fayoum where there are the greatest gender imbalances.

Background/progress:

The program includes school construction and renovations of approximately 818 classrooms and strong quality improvements in teaching and learning practice that introduce learner-centered teaching methodologies. Community participation is essential at all stages and local NGOs and business groups working with CARE facilitators are included in program planning and implementation. Parental involvement in local school management is key. This activity uses a mix of educational solutions, including training for supervisors and headmasters, innovative furnishings, peer learning, introduction to applied technologies, living environmental and science approaches, etc. Five sites have now been selected and approved in Beni Suef for construction of school buildings and a further 13 sites in Minya and Beni Suef are under consideration for final approval. Analysis and selection of additional sites continues.

The project draws upon pilot models that have proven effective in increasing girls' enrollment and uses these lessons learned to "scale up" models of quality primary education with an emphasis on girls. Upon completion, the New Schools model could be replicated in other areas of the country. Alternative quality models of teaching and learning, that are based on learner-centered methodologies rather than teacher-centered methodologies, will be demonstrated. This will demonstrate successful models of community and parental involvement in the management of the local school.

A Master Teacher Exchange Program, managed by California State University and in conjunction with the U.S. Department of Education (funded through a separate program activity) will help build a core group of master teachers who will cascade their training experience and expertise and will directly involve local Faculties of Education in teacher development. Three of the New Schools will re-introduce the Lab School concept within the Faculties.

English Integrated English Language Program

Number: 263-0244
Amount: \$34 Million
Initiated: FY 1997

The Integrated English Language Program – II (IELP-II) is a four- to six-year technical assistance and training program funded by USAID and administered by the Academy for Educational Development (AED) and its subcontractor AMIDEAST. The goal is to increase the number of qualified English language providers in the public and export-oriented private sector in Egypt. To achieve this goal, the program provides technical assistance, educational materials and other resources, and strategic training in Egypt and the US.

Background/progress:

To ensure continued quality English language teaching beyond the life of the project, IELP II works closely with Egyptian partners in planning, implementing and evaluating all activities; builds on existing systems; integrates pre- and in-service teacher training; and make extensive use of Egyptian education experts and resources.

The areas of program focus are in-service and pre-service teacher training, test reform, and private-sector oriented English for Occupational Purposes (EOP). USAID support to Egypt through the IELP II is resulting in:

- Improved skills for the 2,000 Ministry of Education inspectors supervising and providing in-service training to English teachers
- Improved teaching practices of university faculty training future English teachers
- Improved language and teaching skills of 50,000 current English teachers
- Improved language and teaching skills for 175,000 future teachers
- Test instruments developed for measuring teachers' English language proficiency
- Test reform at the 4th and 5th grade level
- Monitoring and evaluation capacity integrated into the Ministry of Education

The anticipated long-term impact of the IELP II project includes:

- Improved English language proficiency for the current and future work force of Egypt
- Sustainable quality in-service and pre-service teacher education
- Sustainable capacity to produce English language assessment instruments conforming to internationally recognized standards

Development Training II (DT2)

Number: 263-0244
Amount: \$145 Million (\$180 Million planned)
Initiated: FY 1997

USAID supports the strengthening of management and technical capabilities of Egyptian public and private sector entities including universities, non-governmental and private voluntary organizations, and other key development institutions, in order to promote sustainable development in Egypt.

The DT2 program, continuing the objectives of the \$100 million Development Training I project, identifies human resource needs in Egypt and provides training opportunities in the U.S., Egypt, and other countries. This comprehensive project analyzes the training needs of Egyptian partner institutions in the fields of economic growth, basic education, civil society, health and family planning, and environment. The DT2 project also provides English language programs and testing for the training candidates.

Background/progress:

As of July 2000, 1,485 training programs for 12,788 participants had been implemented in the U.S. and in other countries, including:

- Master Teacher Exchange Program – the largest group training program, valued at \$4.6 million; will run through FY 1993; California State University, Los Angeles will train 1,010 teachers and master teachers from Minya, Beni Suef, and Fayoum governorates; the master teachers will receive training in the U.S.
- Leadership Development Programs – DT2 is currently training its fourth class of managers that are targeted to lead organizational change consistent with the mission of the Ministry of Electricity and Energy; over 100 managers have been trained so far under this \$3 million program. DT2 will soon start an LDP program for the Ministry of Health and Population. Leadership development is also a major component of the Management Development Initiative for the private sector.
- Private Sector – Major emphasis on training private sector participants with the new USAID strategy and with the initiation of the new Skills for Competitiveness strategic objective (\$17 million) and the Growth through Globalization activity (\$4.8 million). There are also private sector trainees from many of the other sector programs.
- 7,500+ beneficiaries of the follow-on program which includes over 700 alumni and nearly 7,000 of their colleagues; hundreds of alumni also participate in the General Lecture Series and Health Lecture Series; all receive quarterly newsletters; overseas alumni may receive Internet training and Internet access at the contractor's offices.

University Linkages II

Number: 263-0211
Amount: \$18 Million
Initiated: FY 1992

Through University Linkage II program, USAID supports applied research collaborations between Egyptian and U.S. universities on key developmental and technological issues. The University Linkage II program also promotes the establishment and maintenance of long-term academic and research relationships between participating institutions.

Background/progress:

This program supports university research in solving problems facing Egyptian business and industry, especially the private sector, through linkage grants engaging Egyptian and U.S. universities and Egyptian end users from business and industry in development problem solving activities. Grants focus on generation of end-user demand for applied research, provision of quality demand-driven research products, and attaining economic returns on investments in research. Program activities contribute to economic growth and assist in increasing the competitiveness of Egyptian products and industry through the application of research to reduce costs and improve productivity and quality.

Research activities are successfully benefiting private sector end-users. The program has engaged end-users in considerable cost sharing. Linkage grants have provided a successful and low cost approach to technology transfer and innovation by forging tripartite partnerships between Egyptian and U.S. universities and Egyptian business and industry. Several business-university partnerships are adopting the technologies that Egyptian businesses need to become globally competitive. A wide range of technologies is being transferred through program activities. Some examples are the capacity to develop advanced composite materials for the construction industry, integrated circuit design technologies, photo-voltaic co-generation and management, bio-engineering methodologies, intelligent computer-based systems for manufacturing and utilities management, and laser scanning and computer assisted manufacturing of spare parts).

Successful research activities include:

- A 75% reduction in operations costs caused by computer-based preventive maintenance systems in the largest fertilizer and chemical plant in Egypt;
- Energy savings and quality improvements in the El Ezz steel exporting company, resulting from the development of intelligent automated management systems;
- Savings in production costs of TVs and VCRs at the Goldstar/Bahgat Company, resulting from the local production of Integrated Circuits made possible by transfer of the technology needed to design fully programmable gate arrays (FPGAs); and
- The development of low cost composite materials for use in new construction and maintenance and repair of older buildings.

The composite materials grant worked with the concerned regulatory and professional engineering entities to amend the construction code to allow the use of these modern materials in new construction and repair. A proposed amendment to the construction code is under consideration. There has been 22% female participation, 79% private sector grants, and 38% grant funds going to linkages with HBCUs.

OTHER

The USAID portfolio includes assistance that cuts across sectors, providing general resources aimed at facilitating program design and development and the testing of assistance modes.

Technical Cooperation and Feasibility Studies (TCFS)

Number: 263-0225
Amount: \$69.85 million
Initiated: FY 1992

TCFS resources are assisting the development and implementation needs of three US economic assistance programs: 1) analysis associated with the identification, development, testing, and evaluation/monitoring of projects being funded by USAID, 2) greater private voluntary organization (PVO) involvement in U.S.-funded development activities, and 3) support for initiatives promoted by the U.S.-Egyptian Partnership for Economic Growth and Development.

Background/progress:

Assistance under TCFS includes feasibility and technical studies, general and sector surveys, pre-project and project design activities, evaluations and sector assessments such as:

- Technical assistance from the Center for International Private Enterprise to the Federation of Egyptian Industries for institutional development;
- Design work for a major initiative in girls' education;
- Economic assessment to the power and telecommunications sectors;
- A special study on the prevalence and prevention of Hepatitis C infection in Egypt; *
- Studies on Egypt's population;
- Design assistance to strengthen civil society in Egypt
- Support for private voluntary organizations includes:
 - Community Resource Mobilization - CARE;*
 - Farmer to Farmer program - ACDI;*
 - Improving technical and managerial capabilities of Egyptian businesses - IESC;*
 - Water and sanitation - SAVE;*
 - Partnership projects for girls and young women - CEDPA*.
- Support for the U.S.-Egyptian Partnership for Economic Growth and Development includes:
 - Environmentally Sustainable Tourism: Promotes the preservation of natural (i.e. coral reefs) and cultural (i.e. antiquities) sites in areas of the Sinai, Red Sea Coast, and Upper Egypt;*
 - Female education through a girls' scholarship program;
 - The promotion of the private sector through business technology centers. Upgrading technologies and the creation of a business information highway to link the major business associations of Egypt with businesses around the world using the International Business Exchange and the US Chamber of Commerce.

*Separate sheets on these activities appear in other sections of this report.

LIST OF ACTIVE PROJECTS
IN NUMERICAL ORDER (\$ Millions)

263 No.	Title	Amount
0140.03	Energy Conservation and Environment	67.500
0173	Cairo Sewerage II	771.000
0174	Canal Cities Water and Wastewater II	380.000
0193	Cairo Water Supply II	145.000
0201/K632 K633/36	Private Sector CIP	1,900.000
0211	University Linkages II	18.000
0212	Small and Micro Enterprise Development	44.000
0215	Power Sector Support	461.000
0219	Technical Assistance for Agriculture Policy Reform	50.000
0220	PVO Development	27.500
0223	Telecommunications Sector Support	178.900
0224	Power Sector Support II	122.300
0225	Technical Cooperation & Feasibility Studies	69.845
0227/67	Population/Family Planning IV	90.000
0228	Small Enterprise Credit	35.000
0230	Egyptian Center for Economic Studies	14.100
0231	Decision Support Services	12.000
0233	Technical Support for Sector Policy Reform	50.000
0236	Secondary Cities Development	315.000
0238	Privatization Support	35.000
0240	Agricultural Technology Utilization and Transfer	25.000
0241	Alexandria Wastewater System Expansion II	90.000
0242	Healthy Mother/Healthy Child	35.000
0243	Administration of Justice Support	3.000
0244	Development Training II	59.000
0250	Cairo Air Improvement	65.000
0251/K635	Participatory Rural Governance Program	14.000
0252	Capital Market Development	10.000
0254/K638	Health Policy Support	80.000

0258	Small and Emerging Business Support	15.000
0259	Girls' Education	25.000
0263-0259	New Schools Program	27.000
0264	Growth Through Globalization	124.000
0265	Combating Endemic and Emerging Diseases	4.000
0266	Partnership for Competitiveness	40.000
0268	NGO Service Center	32.500
0269	Partnership for Economic Reform	25.000
0270.01	Egypt Utilities Management (EUM)	315.000
0278	Collaboration for Community Level Services (CCLS)	5.230
K631	Agriculture Policy Reform Program	245.000

LIST OF COMPLETED PROJECTS
IN NUMERICAL ORDER (\$ Millions)

<i>263 No.</i>	<i>Title</i>	<i>Amount</i>
9996	Review Assistance Program	.195
9997	Suez Canal Clearance	21.991
9998	Helicopter Transfer	3.000
9999	Port Said Mine Sweep	2.590
0001	Electric Power Distribution	29.834
0002	Technology Transfer and Manpower Development	0.934
0003	Technical and Feasibility Studies I	0.895
0004	Suez Canal Clearance Extension	0.035
0006	Population/Family Planning Research	0.130
0007	Road Building Equipment - Suez Canal Area	13.888
0008	Gas Turbine Generators - Talkha-Helwan (K-032)	67.299
0009	Ismailia Thermal Power Plant	249.576
0010	Mehalla Textile Plant Rehabilitation (K-033)	91.020
0011	Technology Transfer and Manpower Development II	1.895
0012	Suez Cement Plant	104.537
0013	Technical and Feasibility Studies II	14.574
0014	Alexandria Port Authority (K-031)	30.190
0015	Strengthening Rural Health Delivery	13.306
0016	Applied Science and Technology Research	22.460
0017	Water Use and Management	12.995
0018	Development Industrial Bank I (K-035)	30.176
0019	PVC Pipe Drainage (K-034)	19.137
0020	Integrated Social Work Centers	2.389
0021	Development Decentralization I	26.200
0023	National Energy Control Center (K-037)	42.296
0025	Technical and Feasibility Studies	17.787
0026	Technology Transfer and Manpower Development III	34.863
0027	Rice Research and Training	20.892
0028	Grain Silos Storage	53.635
0029	Family Planning	65.022

<i>263 No.</i>	<i>Title</i>	<i>Amount</i>
0030	Shoubra El Kheima Thermal Power Plant	261.503
0031	Agriculture Mechanization	37.574
0033	Urban Electric Power Distribution Equipment (K-043)	97.128
0035	Canal Maintenance (K-040)	29.960
0037	Grain, Tallow, Oils and Fats (K-041)	35.540
0038	Cairo Water Supply (K-040)	97.265
0040	Irrigation Pumping (K-039)	18.906
0041	Agricultural Development Systems	14.839
0042	Technical & Feasibility Studies IV	27.046
0045	Development Industrial Bank II	1.679
0047	Port of Suez Project (K-049)	10.125
0048	Canal Cities Water and Sewerage (K-050)	165.332
0052	Quattamia Cement Plant (K-051)	98.339
0054	Telecommunications I (K-047)	40.000
0060	Poultry Improvement	5.354
0061	Development Planning Studies	22.302
0064	Aquaculture Development	22.576
0065	Urban Health Delivery System	43.065
0066	Low Income Housing and Community Upgrading	75.583
0070	Major Cereals Improvement System	52.127
0071	Hydrographic Survey	7.068
0072	Port Said Salines Plant	12.899
0079	Small Farmer Production	80.000
0089	Alexandria Sewerage I (K-044)	48.925
0090	Industrial Productivity Improvement	14.639
0090.01	Management Development for Productivity	7.572
0090.02	Vocational Training for Productivity	15.881
0090.03	Industrial Technology Applications	8.034
0090.04	Innovative Productivity Activities	1.864
0091	Cairo Sewerage I	128.275
0095	Agricultural Cooperative Marketing	4.730
0096	Small Scale Agricultural Activities	1.608

<i>263 No.</i>	<i>Title</i>	<i>Amount</i>
0097	Private Investment Encouragement Fund	32.799
0100	Alexandria Wastewater System Expansion	424.924
0101	Industrial Production (K-048)	120.039
0102	Technical Cooperation & Feasibility Studies	41.873
0103	Basic Village Services	69.933
0105	Mineral, Petroleum & Groundwater	33.417
0110	Peace Fellowships Program	59.668
0112	Private Sector Feasibility Studies	4.451
0113	Sinai Planning Studies	2.688
0114	Vehicle Maintenance Training	4.499
0115	Tax Administration	3.331
0116	Agricultural Management Development	4.065
0117	Telecommunications III	121.063
0118	University Linkages	26.559
0123	Energy Policy Planning	20.856
0125	Development Training	96.323
0127	Provincial Cities Development	19.913
0132	Irrigation Management Systems	336.000
0136	Suez Community Health Personnel Trg.	15.892
0137	Control of Diarrheal Diseases	33.882
0139	Basic Education	184.078
0140	Science & Technology for Development	2.945
0140.01	Science & Technology Cooperation	23.175
0140.02	Schistosomiasis Research	39.650
0140.04	Energy Manpower Development	8.470
0142	Agricultural Data Collection and Analysis	4.801
0143	Decentralization Support Fund	50.000
0144	Population	110.987
0147	Production Credit	87.267
0152	National Agricultural Research	197.202
0153	Neighborhood Urban Services	19.998
0159	Business Support and Investment	3.356

<i>263 No.</i>	<i>Title</i>	<i>Amount</i>
0160	Aswan High Dam Power Station	140.000
0161.02	Basic Village Services	154.708
0161.03	Provincial Cities Development	104.140
0161.04	Decentralization Support Fund	49.711
0161.05	Neighborhood Urban Services	68.986
0161.06	Sector Development and Support	7.173
0165	Safaga Grain Silos Complex	70.208
0170	Cost Recovery for Health	78.500
0174	Canal Cities Water and Wastewater II	380.000
0176	Water and Wastewater Inst. Dev.	13.500
0177	Telecommunications IV	81.770
0182	Local Development II	401.143
0194	Alex. Elec. Network Modernization	50.000
0196	Talkha Combined Cycle Plant	64.674
0201.03	Private Enterprise Credit	648
0202	Agricultural Production and Credit	289.000
0203	Child Survival	67.595
0226	Export Enterprise Development	10.000
0227	Population/Family Planning III	60.643
0230	Egyptian Center for Economic Studies	5.500
K629/30	Sector Policy Reform II	392.000
K634	Sector Policy Reform III	400.000
Various	Commodity Import Program	3,889.503
Various	Cash Transfers	1,814.949